



I. SCHOOL INFORMATION AND COVER PAGE (To be Completed By All Charter Schools)

Created: 07/06/2015

Last updated: 07/23/2015

Please be advised that you will need to complete this task first (including signatures) before all of the other tasks assigned to you by your authorizer are visible on your task page. While completing this task, please ensure that you select the correct authorizer or you may not be assigned the correct tasks.

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1. SCHOOL NAME AND AUTHORIZER

(Select name from the drop down menu)

BROOKLYN CS (THE) (NYC CHANCELLOR) 331400860809

2. CHARTER AUTHORIZER

(For technical reasons, please re-select authorizer name from the drop down menu).

NYCDOE-Authorized Charter School

3. DISTRICT / CSD OF LOCATION

NYC CSD 14

4. SCHOOL INFORMATION

	PRIMARY ADDRESS	PHONE NUMBER	FAX NUMBER	EMAIL ADDRESS
	545 Willoughby Avenue 3rd Floor	718-302-2085	718-302-5569	oescayg@aol.com

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES

Contact Name	Omigbade Escayg
Title	Head of School
Emergency Phone Number (###-###-####)	917-572-5569

5. SCHOOL WEB ADDRESS (URL)

www.brooklyncharter.org

6. DATE OF INITIAL CHARTER

2000-03-01 00:00:00

7. DATE FIRST OPENED FOR INSTRUCTION

2000-09-01 00:00:00

8. FINAL VERIFIED BEDS ENROLLMENT FOR THE 2014-15 School Year as reported to Department's Office of Information and Reporting Services (via the NYC DOE for charter schools in NYC) in August.

245

9. GRADES SERVED IN SCHOOL YEAR 2014-15

Check all that apply

Grades Served
K, 1, 2, 3, 4, 5

10. DOES THE SCHOOL CONTRACT WITH A CHARTER OR EDUCATIONAL MANAGEMENT ORGANIZATION?

Yes/No

Name of CMO/EMO

No

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11. FACILITIES

Will the School maintain or operate multiple sites?

No, just one site.

12. SCHOOL SITES

Please list the sites where the school will operate in 2015-16.

	Physical Address	Phone Number	District/CSD	Grades Served at Site	School at Full Capacity at Site	Facilities Agreement
Site 1 (same as primary site)	545 Willoughby Avenue 3rd Floor	718-302-2085	CSD 14	K-5	Yes	DOE space
Site 2						
Site 3						

12a. Please provide the contact information for Site 1 (same as the primary site).

	Name	Work Phone	Alternate Phone	Email Address
School Leader	Omigbade Escayg	718-302-2085	917-572-5569	oescayg@aol.com

Operational Leader	Jamel Cherry	718-302-2085	jcherry@brooklyncharter.org
Compliance Contact	Omigbade Escayg	718-302-2085	oescayg@aol.com
Complaint Contact	Omigbade Escayg	718-302-2085	oescayg@aol.com

13. Are the School sites co-located?

No

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14. Were there any revisions to the school's charter during the 2014-2015 school year? (Please include both those that required authorizer approval and those that did not require authorizer approval).

No

15. Name and Position of Individual(s) Who Completed the 2014-15 Annual Report.

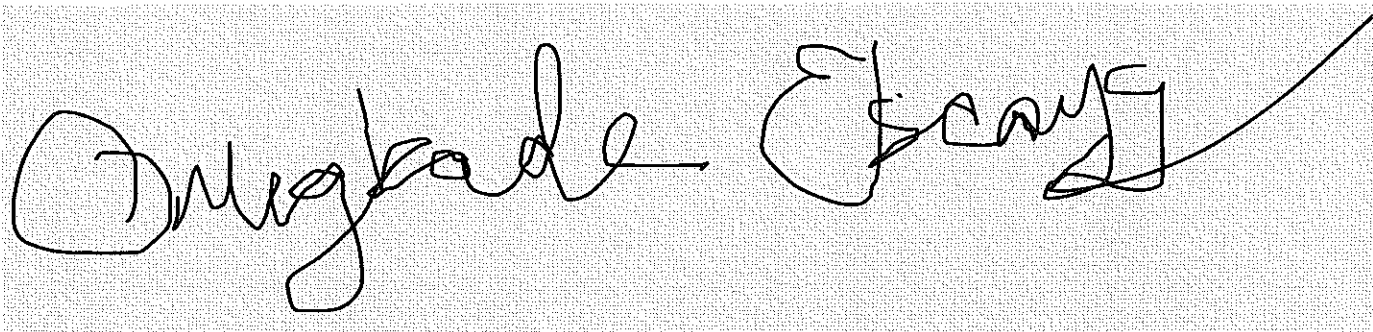
Linda Hatfield Assistant Principal

16. Our signatures below attest that all of the information contained herein is truthful and accurate and that this charter school is in compliance with all aspects of its charter, and with all pertinent Federal, State, and local laws, regulations, and rules. We understand that if any information in any part of this report is found to have been deliberately misrepresented, that will constitute grounds for the revocation of our charter. Check YES if you agree and use the mouse on your PC or the stylus on your mobile device to sign your name).

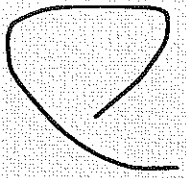
Responses Selected:

Yes

Signature, Head of Charter School



Signature, President of the Board of Trustees



Thank you.



Appendix A: Link to the New York State School Report Card

Last updated: 07/06/2015

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Charter School Name: 331400860809 BROOKLYN CS

1. NEW YORK STATE REPORT CARD

Provide a direct URL or web link to the most recent New York State School Report Card for the charter school (See <https://reportcards.nysed.gov/>).

(Charter schools completing year one will not yet have a School Report Card or link to one. Please type "URL is not available" in the space provided).

(No response)



Appendix A: Progress Toward Goals

Created: 07/06/2015

Last updated: 10/29/2015

Page 1

Charter School Name: 331400860809 BROOKLYN CS

1. NEW YORK STATE REPORT CARD

Provide a direct URL or web link to the most recent New York State School Report Card for the charter school (See <https://reportcards.nysed.gov/>) which captures school-level enrollment and demographic information, staff qualifications, electronic student records, and attendance rates, as prescribed by New York State statute (8 NYCRR 119.3).

(Charter schools completing year one will not yet have a School Report Card or link to one. Please type "URL is not available" in the space provided).

<http://data.nysed.gov/profile.php?instid=800000044900>

2. APPENDIX A: PROGRESS TOWARD CHARTER GOALS

The following tables reflect formatting in the online portal required for Board of Regents-authorized charter schools and NYCDOE-authorized charter schools only. Schools should list Progress Toward Charter Goals by August 1, 2015. If the goals are based on student performance data that the school will not have access to before August 1, 2015 (e.g., the NYS Assessment results), explain this in the "2014-2015 Progress Toward Attainment of Goal" column. The information can be updated when available. Appendix A must be fully completed no later than November 1, 2015.

2a. ACADEMIC STUDENT PERFORMANCE GOALS

2014-15 Progress Toward Attainment of Academic Goals

Academic Student Performance Goal	Measure Used to Evaluate Progress Toward Attainment of Goal	2014-2015 Progress Toward Attainment of Goal - Met, Partially Met, or Not Met	If Not Met, Describe Efforts School Will Take
			BCS implemented every protocol over the past three school years to identify capable and knowledgeable Professionals who would lead the school to academic excellence. During that 3 year period there were 4 Academic Leaders who proved otherwise, and BCS's overall academic performance plummeted, our students losing traction under the new Common Core Learning Standard

(CCLS) and BCS performing below the City and District averages. The Head of School has implemented a recovery plan for BCS with the vision that every student is capable of putting forth their best effort and is capable of pushing themselves beyond the ordinary. To do that BCS would need authentic Academic Leaders and inspiring teachers willing to push to limits and tolerance of their students and to motivate them to do beyond what anyone considers their best.

The Recovery Task identifies roles and responsibilities and goals for all faculty and students across all grades, and in particular, grades 3-5.

The task is outlined as follows:

FACULTY

- Lesson planning and implementation must be aligned with Common Core State Standards at all times
- BCS Faculty must become familiar with the Common Core State Standards
- BCS will support and train all faculty in the implementation of Balanced Literacy via the Teachers College Reading and Writing Project
- BCS will support and train all faculty in the Implementation of a Constructivist Approach to teaching and Learning Mathematics
- Formal and informal assessments MUST be ongoing, and benchmark assessments must follow the BCS assessment calendar
- BCS Faculty must use assessment data to ensure that teaching and learning is effective
- BCS Faculty will receive supports through: shared planning, professional development seminars & workshops, and onsite support through modeling and formal and informal

Academic Goal 1

Performance Goal:
The Brooklyn Charter School will earn a score sufficient to place it in the 75th percentile of all schools on the "Performance" section of the citywide Progress Report.

2014 - 2015 New York City Department of Education Progress Report

BCS did not meet this goal.

Although Citywide Progress Reports are no longer available, BCS performed below the City and District in both ELA and Mathematics in 2014-2015.

observations and feedback, and data analysis

- BCS faculty will establish clear, open, respectful, consistent communication with all families in the best interest of their students

STUDENTS

- Students will enter a safe and nurturing, but rigorous learning environment each day that school is in session
- Students will have clear guidelines and objectives for all learning tasks
- Student will be encouraged to reason and think logically, be exposed to literature each day and will face challenges in applying mathematical thinking to their day-to-day lives
- Students will receive the 1000 book challenge with clear guidelines for their success
- Students will be held accountable for managing & completing all learning tasks and assignments during the school day
- Students will have relevant homework assignments that extend their learning from school to home and are held accountable for completion of home assignments
- Students MUST be held responsible for development of their portfolio and will be responsible for presenting these to their families during Family/Faculty conferences

ACADEMIC GROWTH GOALS

In all classrooms:

- Identify all students by academic level and move each level to the next highest level by clearly establishing differentiated routines, tasks and challenges
- 75% Students MUST attain and exceed the grade level Benchmark for all academic performance
- 75% Students MUST attain and exceed the benchmark for growth at all interim assessments

English Language Arts
Goal: 75% of students in
grades 3-5 who have been

BCS did not meet this goal.

- 75% Students MUST meet or exceed Level 3 on the State tests in ELA, Math & Science
- All student cohorts in Sp. Ed or ENL MUST demonstrate significant growth by 50% or above from last year
- Reduce the number of students being retained at grade level by 65%

SPECIFICALLY FOR GRADES 3, 4 & 5

- Reduce the number of Students receiving Level 1 by 75%
- Reduce the number of Students receiving Level 2 by 65%
- Increase the number of students receiving Level 3 by 75%
- Increase the number of Students receiving Level 4 by 75%

The Head of School will meet with each Student, individually, in Grades 4 & 5, by the end of October, to review their scores and to set goals for their success.

As stated in Academic Goal 1 above, BCS suffered from a lack of consistent quality Academic Leadership and lost momentum in authentic curriculum implementation for ELA. BCS was founded on Balance Literacy as designed by the Teacher's College Reading and Writing Project (TCRWP). This approach guided by knowledgeable professionals afforded BCS successful scores in its first two charter terms and in the first year of its third term. With the onset of CCLS, the TCRWP aligned its curriculum units and refined its approach which has proven successful in other schools.

The Head of School favored the return to the pure implementation of TCRWP and sought out a knowledgeable, experienced and capable professional who trained and worked directly with

Academic Goal 2

enrolled at the Brooklyn Charter School on BEDS day for at least two consecutive years will perform at or above Level 3 on the New York State English Language Arts Assessment.

2014-2015 New York State English Language Arts Assessment in Grades 3-5

Of a total of 90 students in grades 3-5 who were enrolled on BEDs day and have been at BCS for at least two consecutive years 15 students or 16.6% performed at or above Level 3.

Lucy Calkins to lead the 2015-2016 ELA effort at BCS.

That process has begun with;

1. The leveling of all classroom libraries using the Fountas & Pinnell leveling guides.
2. Clear implementation of all TCRWP units K-5 for reading, writing and word study.
3. Purchase of all required book sets specified by TCRWP.
4. The training of all teachers, on-site, in six week cycles that reflect curriculum unit implementation.
5. A strong commitment to data analysis, differentiated in instruction, and observation and feedback between training cycles.
6. A school-wide initiative to increase exposure of all students to reading and literature at school and at home.
7. A clear assessment schedule that will track student performance towards grade level benchmarks and teacher effectiveness.

Academic Goal 3

Mathematics Goal: 75% of students in grades 3-5 who have been enrolled at the Brooklyn Charter School on BEDS day for at least two consecutive years will perform at or above Level 3 on the New York State Mathematics Assessment.

2014-2015 New York State Mathematics Assessment in Grades 3-5

BCS did not meet this goal.

Of a total of 90 students in grades 3-5 who were enrolled on BEDs day and have been at BCS for at least two consecutive years 31 students or 34.4% performed at or above Level 3.

BCS has invested in developing one of its Assistant Principals for Math Leadership through the Leadership Program at Bank Street College of Education. That AP graduated from the program in the summer of 2015 and has been assigned task of training and mentoring all BCS faculty to deliver effective Math instruction that is aligned with CCLS.

BCS will continue to use TERC/Investigations in Number, Data and Space which is Constructivist in its approach and is intended to develop mathematical reasoning.

BCS will implement the following:

1. Focus of training of all teachers K-5 in six week planning cycles that reflect curriculum unit implementation.
2. Commit to data analysis, differentiated instruction, and follow-up between training cycles.
3. A clear assessment schedule that will track student performance towards grade level benchmarks and teacher effectiveness.
4. Ongoing modeling, evaluation, observation and feedback to teachers between cycles.

BCS will implement an afterschool tutorial for all testing grades students to begin in October 2015 and continue through April 2016 to provide intervention and acceleration support for all students. BCS will track student progress during the tutorial period and provide additional supports for students at risk, students with disabilities and ENL.

Academic Goal 4	Science Goal: 75% of students in grades 3-5 who have been enrolled at the Brooklyn Charter School on BEDS day for at least two consecutive years will perform at or above Level 3 on the New York State Grade 4 Science Assessment.	2014-2015 New York State Science Assessment in Grade 4	BCS met and exceeded this goal. Of the 30 students enrolled at BCS on BEDS day for at least two consecutive years 26 students performed at or above Level 3 on the New York State Grade 4 Science Assessment. 86.6% of students performed at or above Level 3.	
Academic Goal 5	Social Studies Goal: 75% of students in grade 5 who have been enrolled at the Brooklyn Charter School on BEDS day for at least two consecutive years will perform at or above Level 3 on the New York State Grade Social Studies Assessment.	Not - Applicable: The New York State Social Studies Assessment is no longer administered in grade 5.		
Academic Goal 6	Value Added Performance/Progress Goals: The Brooklyn Charter School will earn a score sufficient to place it in the 75th percentile	2014-2015 New York City Department of Education Progress Report	Progress Reports are no longer available through the New York City Department of Education.	See academic plan outlined in Goal 1 and Goal 2.
				<p>See academic plan outlined in Goal 1 and Goal 2.</p> <p>The 2014-15 testing data showed that the cohort of students who've been at BCS for 2-5 years did not reduce by one half the gap between the percent at or above Level 3 on the previous year's ELA exam. In general, there was an increase in the number of students performing at Level 1 and a decline in the number of students performing at Level 3, with no significant increase at Level 4.</p> <p>The following Narrative describes a plan to address this fall-out:</p> <p>1). BCS will increase the Level 3 and 4 ELA Scores at BCS during the 2015-16 School Year by increasing the amount of time children spend reading and deepening reading comprehension, in grades K-5.</p> <p>(Excerpt from the TCRWP</p>

Guide to Reading Workshop, Primary and Upper Grades) The research shows that teachers who successfully teach reading and writing provide their students with far more time for actual reading and writing. Allington reports that exemplary teachers of reading have their students actually reading and writing for as much as half the school day—whereas in typical classrooms, it is not unusual to find that kids read and write for as little as 10% of the day. In all too many schools, a ninety-minute “reading block” produces no more than ten to fifteen minutes of actual reading (Allington 2002b). Students in the classrooms of more effective teachers read ten times as much as students in the classrooms of more effective teachers read ten times as much as students in classrooms of less effective teachers (Allington and Johnston 2002).

Success in reading is directly related to the amount of time a person spends reading. John Guthrie and Nicole Humenick's study, “Teaching for Literacy Engagement,” (2004) illustrates that fourth-graders who read at the second-grade level spend just half an hour a day reading, while fourth-graders who read at the eighth-grade level spend four and a half hours a day reading. Krashen (2004) points out that 93% of the tests on reading comprehension that collect data on volume of reading show that kids who are given more time to read do better. Guthrie and Humenick (2004) found that reading volume predicted reading comprehension and that dramatic increases in reading volume are important for thoughtful literacy proficiencies. The National Assessment of Education Progress (NAEP)

Reading Report Card for the Nation (U.S. Department of Education 1999) shows that at every level, reading more pages at home and at school was associated with higher reading scores. Anderson, Wilson, and Fielding (1988) also researched the relationship between the amounts of reading done and reading achievement. They found that the amount of time spent reading is the best predictor of reading achievement, including a child's growth as a reader from second to fifth grade.

At BCS, we will increase the amount of independent reading in-school, from 30 minutes a day to an hour and the expectation for reading at home for at least an additional hour vs. last year's expectations of 30 minutes. In total the BCS expectation for independent reading daily is at least 2 hours...and we are building time for more. The students use reading logs to measure the reading rate (time spent to complete a text) and the number of books students complete in a week.... month... school-year.

The 2015-2016 BCS Reading Challenge is another way that BCS will encourage students to read often. It begins November 2 and ends June 3, 2015 (7 months). Kindergartners often read one page songs and poems. Fifth graders read 250-300 page books. Students will earn points towards the challenge, as they read, in the following way... One page = One point. The points are based on the most amount of books a reader could possibly read in 7 months (i.e 250 page books, 3 books/week= 750 points a week, 3,000 points/month, 21,000 points/7 months). Prizes will be offered for the

Academic Goal 7

English Language Arts
Goal: For years 2-5, each grade level cohort of the same students (i.e. students who are in the school for two years in a row) will reduce by one-half the gap between the percent at or above Level 3 on the previous year's ELA exam (baseline) and 90%

2013 - 2014 New York City Department of Education Progress Report and ELA test scores.

2013 - 2014 NYCDOE Progress Report and ELA test scores

BCS did not meet this goal.

highest points.

2). BCS will provide explicit instruction in Comprehension Strategies to Deepen Reading Comprehension:

The National Reading Panel strongly supports explicit instruction in comprehension strategies, suggesting that the teaching of even one comprehension strategy can lead to improved comprehension, and that teaching a repertoire of strategies can make an even larger difference (National Reading Panel 2000). Allington's research yielded similar findings, noting that exemplary teachers "routinely gave direct, explicit demonstrations of the cognitive strategies that good readers use when they read" (2002,743).

It is important that strategy instruction teach students what the strategy is, when it is used, how it is used, and why it is worth using. This is critical because many teachers think of teaching as little more than assigning and assessing work. Assigning students a task—say, one that resembles those on high-stakes assessments—and then assessing their abilities to do that task should not be confused with instruction.

When imagining instruction, think instead of a progression of work that goes from "watch me, let me demonstrate" to "now try, and I'll support you." Many researchers have detailed this form of strategy instruction. Among them are Duke and Pearson (2002), who point out that strategy instruction involves:

- Naming and describing the strategy: why, when, and how it could be used
- Model the strategy in action

at or above Level 3 on the current year's NYS ELA exam.

- Using the strategy collaboratively
- Guiding practice of the strategy, gradually releasing responsibility to the student
- Providing opportunity for using the strategy independently

Duke and Pearson make an important caveat, in "Effective Practices for Developing Reading Comprehension," stating, "It is important that neither the teacher nor the student lose sight of the need to coordinate or orchestrate comprehension strategies. Strategies are not to be used singly—good readers do not read a book and only make predictions. Rather good readers use multiple strategies constantly" (2002, 210). Allington (2002) discusses the same point when he writes, "The instructional environment must foster independent strategy transfer and use. A real concern is that when instruction becomes too explicit too much of the time, children never acquire the independent strategy transfer and use:

Use of a strategy in a highly structured, teacher-directed setting is not the same as knowing how and when to profitably and successfully use the strategy when reading independently (Allington 2002). The voice that has perhaps made this point most clearly when it comes to the development of young readers over the last few years is that of Marie Clay. Her work reminds us that our ultimate purpose as teachers of reading is not simply teaching strategies, but instead to teach our readers to become strategic, to be the kind of readers who take action, to solve problems independently by integrating all they know about reading and do so in ways that are flexible and adaptive. Reading

instruction, then, needs to help children learn to act with agency. It is incredibly complex work, and it warrants thoughtful, deliberate instruction that guides children in becoming joyful independent readers.

As mentioned in Academic Goal 1 & 2, BCS will use the TCRWP Balanced Literacy approach to teach reading and writing to all students. This includes:

a). 45 minute Reading and Writing Workshop provide the following:

* 7-10 minute Mini-Lesson where a teacher:

- Names and describes a strategy: why, when, and how it could be used
- Models the strategy in action

- Uses the strategy collaboratively with students

- Provide a guided practice of the strategy, gradually releasing responsibility to the students

b). *30-45 minute Independent Reading and Writing after the Mini-lesson:

- An opportunity for readers and writers to use the strategy independently

- Teachers provide small group and one-to-one instruction, teaching readers and writers

- strategic with their use of strategies

Note: There are times throughout the day where students Drop Everything and Read (The total Reading time in-school is 1 hour... Grades 2-5 Independently... Grades K/1, 30 minutes of being read to and reading books on their independent reading level.

c). *5-10 minute Partner Reading and Writing

- Students coaching each other

d). *5-7 minute Teaching Share where the teacher

reviews the new strategy learned and connects it to previous teaching

e). 20 minute Word Study which includes:

- High frequency Words, New Vocabulary, and Spelling principals)
- Whole-Class Teaching
- Center Activities
- Small Group and one-to-one

f). 20 minute Shared Reading, Interactive Read Aloud, Shared Writing or Shared Writing Daily which includes:

*Reading a text together as a class, the teachers demonstrates the reading strategy and students use it

*Writing a text together as a class, the teacher demonstrates the writing strategy and the students use it

*Studying a mentor text and charting the craft moves the writer uses

*Studying a mentor text to understand the story elements, informational and/or procedural structures and charting new learning

*Studying the grammar of a text and charting the rules and the strategies a writer can strategically use in their own writing

BCS Teacher Training for Balanced Literacy will include:

1) Every 6 weeks, K-5 teachers receive a full day of ELA (and Math) Planning/Training

2) During the weeks between the Planning & Training days, designated Teachers and a specific grade receive a "Demonstrations, Coaching, Re-Teaching, and more Coaching towards Mastery" Cycle in one of the following areas:

- Reading Workshop
- Writing Workshop
- Word Study

- Shared Reading
- Interactive Read Aloud
- Shared Writing
- Interactive Writing

Note: The Literacy Block is a 2 hour and 15 minute block of time. Social Studies and Science also provide opportunities for teachers to use Interactive Read Aloud, Shared Reading, Shared Writing, Interactive Writing and/or Word Study teaching structures and are trained to use them.

3) K-5 teachers will receive training from a Literacy Consultant in assessment-driven whole group and small group instruction

See academic plan outlined in Goal 1 and Goal 3.

BCS MUST demonstrate significant/turn-around growth in this school year.

Here is the Vision for our success:
Every student at BCS is capable of putting forth their best effort and capable of pushing themselves beyond the ordinary. They require inspiring teachers who are willing to push the limits of their tolerance and motivate them to do beyond what anyone considers their best.

This happens in the following ways:

At the beginning of the year BCS will have six full days of professional development with teachers. Each session will be with specific grade level teachers. The full day sessions will occur every six weeks, so the work with teachers will be continuous and ongoing throughout the school year.

FACULTY

- Lesson planning and implementation must be aligned with Common Core State Standards at all times
- Close Planning with Teachers during the full day PD sessions.
- "In our view, lesson design is one of the key areas in which many teachers need assistance. Because many teachers think that the lesson plan is what is written in their curriculum materials and packaged programs, it is important to help them distinguish what constitutes mindful rather than mechanical lesson planning." (West and Cameron pg. 44)

- BCS Faculty must become familiar with the Common Core State Standards
- During the planning sessions the Common Core State Standards are attached to each and every component of the plans and are in consideration throughout the entire planning process.
- We will look at the materials and resources we have available and make decisions about the uses of specific materials to support the outcomes defined by the Common Core Standards in Mathematics.
- "... Teachers need a deep understanding of all the content to be addressed that year, the concepts and skills that need to be taught, how the topics connect with one another, how the mathematics content is sequenced, how much time might be needed for each topic; what tools (such as textbooks, materials, and technology) are available to support the content, and how to assess student understanding..." (National Council of Teachers of Mathematics pg. 70)

- BCS will support and train all faculty in the Implementation of a Constructivist Approach to teaching and Learning Mathematics

Academic Goal 8

Mathematics Goal: For years 2-5, each grade level cohort of the same students (i.e. students who are in the school for two years in a row) will reduce by one-half the gap between the percent at or above Level 3 on the previous year's Math exam (baseline) and 90% at or above Level 3 on the current year's NYS Math exam.

2014 - 2015 New York City Department of Education Progress Report and Math test scores.

2013 - 2014 NYCDOE Progress Report and Math test scores

BCS did not meet this goal.

- TERC/Investigations in Number, Data, and Space is the program of choice.
- This program promotes a constructivist approach to teaching and learning mathematics. The Common Core State Standards lend themselves to a constructivist approach to teaching and learning.
- "Using curriculum materials that form the core of teachers' instructional programs as the basis for professional development provides a direct link between professional development and what actually happens in classrooms (Russell, 1997) and is associated with improved learning outcomes for students (Cohen and Hill 1998)." (Smith p.43).

- Formal and informal assessments MUST be ongoing, and benchmark assessments must follow the BCS assessment calendar
- Teachers are trained to use informal assessments, such as observation checklists, exit tickets, and other protocols for gathering data daily.
- Teachers are administering mathematics assessments that have been enhanced to replicate state assessment type of questions at the middle and end of units.
- All of Grades K-5 will take Common Core Aligned Interim Assessment Tri-Annually.

- BCS Faculty must use assessment data to ensure that teaching and learning is effective
- Teachers and Administrators are using this data from formal and informal assessments to drive instruction daily, weekly, and monthly.
- Assessment Data is utilized throughout the planning sessions to develop differentiation plans, groupings, and strategies to address the needs of all students at BCS.

- BCS Faculty will receive supports through: shared planning, professional development seminars & workshops, and onsite support through modeling, formal and informal observations, and feedback, and data analysis
- Besides the full day math planning sessions, teachers will have math meetings in which student work is examined prior to their next full day session.
- Math AP will enter classrooms for informal observations and provide timely feedback within the 6 weeks in between planning sessions.
- Based on these observations, areas in need of improvement are identified and Math AP will identify classrooms for modeling purposes, providing supports, and planning for improvement.
- Based on these observations, areas identified as strengths will be highlighted and other classroom teachers may be invited into rooms to observe a functioning model.
- BCS faculty will establish clear, open, respectful, consistent communication with all families in the best interest of their students.
- Families will be consistently informed about student progress.

ACADEMIC GROWTH GOALS

In all classrooms:

- Identify all students by academic level and move each level to the next highest level by clearly establishing differentiated routines, tasks and challenges.
- 75% Students MUST attain and exceed the grade level Benchmark for all academic performance.
- 75% Students MUST

attain and exceed the benchmark for growth at all interim assessments.

- 75% Students MUST meet or exceed Level 3 on the State tests in ELA, Math & Science.

- All student cohorts in Sp. Ed or ENL MUST demonstrate significant growth by 50% or above from last year.

- Reduce the number of students being retained at grade level by 65%

SPECIFICALLY FOR GRADES 3, 4 & 5

- Reduce the number of Students receiving Level 1 by 75%.
- Reduce the number of Students receiving Level 2 by 65%
- Increase the number of students receiving Level 3 by 75%
- Increase the number of Students receiving Level 4 by 75%

2a1. Do have more academic goals to add?

Yes

2014-15 Progress Toward Attainment of Academic Goals

	Academic Student Performance Goal	Measure Used to Evaluate Progress Toward Attainment of Goal	Measure Used to Evaluate Progress Toward Attainment of Goal - Met, Partially Met, Not Met	If Not Met, Describe Efforts School Will Take
Academic Goal 9	<p>Comparative Performance Goals:</p> <p>The Brooklyn Charter School will earn a score sufficient to place it in the 75th percentile of all schools on the citywide Progress report.</p>	<p>BCS did not meet this goal.</p> <p>Although Citywide Progress Reports are no longer available, BCS performed below the City and District in both ELA and Mathematics in 2014-2015.</p>	See Academic Plan above in Goals 1, 2, and 3.	

Academic Goal 10	<p>English Language Arts Goal:</p> <p>The % of students performing at or above Level 3 on the NYS ELA Assessment in grades 3,4, & 5 will exceed the average performance of students in the same tested grades of Community School District #14</p>	<p>BCS did not meet this goal.</p> <p>BCS scored :</p> <p>3rd Grade - 22.1% which represents 7.4% below CSD #14</p> <p>4th Grade - 18.1% which represents 13.3% below CSD #14</p> <p>5th Grade - 16.1% which represents 10.3% below CSD #14</p>	See Academic Plan in the above Goals 1 and 2	
Academic Goal 11	<p>Mathematics Goal:</p> <p>The % of students performing at or above Level 3 on the NYS Math Assessment in grades 3,4, & 5 will exceed the average performance of students in the same tested grades of Community School District #14</p>	<p>BCS meet this goal only in the 3rd Grade.</p> <p>BCS scored :</p> <p>3rd Grade - 41.6% which represents 5.7% above below CSD #14</p> <p>4th Grade - 24.2% which represents 14.3% below CSD #14</p> <p>5th Grade - 35.4% which represents 2.7% below CSD #14</p>	See Academic Plan in the above Goals 1 and 3	
Academic Goal 12	From years 2-4, The Brooklyn Charter School will receive a "B" or higher on the Students Progress section of the NYCDOE Progress Report	The NYCDOE Report Card is no longer issued.	This rating is not applicable.	
Academic Goal 13	AYP Status Goal: The Brooklyn Charter School will be deemed "In Good Standing"	The NYCDOE is no longer issued.	This rating is not applicable.	
Academic Goal 14				
Academic Goal 15				
Academic Goal 16				

2a2. Do have more academic goals to add?

No

Page 2

2b. ORGANIZATIONAL GOALS

2014-15 Progress Toward Attainment of Organizational Goals

	Organizational Goal	Measure Used to Evaluate Progress	2014-15 Progress Toward Attainment	If Not Met, Describe Efforts School Will Take
Org Goal 1	The Brooklyn Charter School will have an average daily student attendance rate of at least 95%	ATS: Automate the Schools- Attendance Reporting System.	BCS did not meet this goal BCS achieved an average daily attendance of 92.2% this year. This is an increase of .1% over 2013-2014 attendance rate	BCS continues to provide incentives for attendance through award ceremonies and classroom rewards. BCS will highlight classroom and individual attendance this year by designating part of a bulletin board to show monthly perfect attendance. BCS will connote to: 1. Identify and document students absences - excused and unexcused 2. Follow up with phone calls to home when students are absent for more than 2 consecutive days. 3. Letter to home after 10 absences 4 Family meeting with Head of School after 15 absences 5 Report to intervention authorities
Org Goal 2	The Brooklyn Charter School will maintain 95% of the student population from 2013- 2014 to 2014 - 2015	Attendance register	The BCS met this goal. BCS retained 95% of its student population from 2013 -14 into 2014-15.	BCS will connote to offer an attractive school environment that features: * small classrooms with an advantageous student/teacher ratio *Rigorous curriculum that includes Music and Dance as part of the core *BCS will continue an aggressive campaign to further attract ELL, SWD, and low income families.
Org Goal 3	The Brooklyn Charter School will comply with all applicable laws, rules, regulations, and contract terms including, but not limited to, the New York Charter Schools Act, the New York Freedom of Information Law, the New York Open Meetings Law, the federal Disabilities Education Act, and Family Educational Rights and Privacy Act.	State and DOE monitoring guidelines	BCS met this goal. BCS was not cited by the State or DOE for failing to comply with applicable laws, rules, regulations. The DOE Office of Charter schools conducted an Annual Review on May 13th and did not find any compliance issues.	
Org Goal 4	The Brooklyn Charter School will receive 7.5 or higher scores in each of the 4 domains, on the NYCDOE Learning Environment Survey that will express parent satisfaction.	2013 - 2014 New York City Department of Education Survey		

Org Goal 5

The Brooklyn Charter School Head of school will achieve ratings of Proficient or Distinguished and an average percentile score of 85% or higher, using the BCS Head of school evaluation.

he BCC Board of Trustees for the past 5 years has instituted a 3-pronged approach for evaluating the Head of School, Mr. Omigbade Escayg

Part 1: ISSLC Standards: Omi is required yearly to complete the 6 part evaluation form based on the The Interstate School Leaders Licensure Consortium (ISLLC) Standards for School Leaders.

Part 2: BOT Evaluation Instrument: This evaluation piece is an 18 point indicator model adapted and designed using national norms for charter school leaders. The instrument is based on a 2 point scale, i.e., Met or Not Met, determination by each board member. The results, once tabulated are then presented and discussed with Head of School.

Part 3: Yearly Written Benchmark Goals: Each year, the Head of School is given measurable benchmark goals that align with student growth in both ELA and Math. Other goals are aligned with mutually determined areas of improvement. For instance, last year's [FY 2014/2015] goals addressed: student growth within each cohort grouping; organizational development; improved reporting systems; improved teacher observations and improvement plans for teachers not meeting expectations; design and an implementation of a Performance Based Assessment model for all staff.

Mr. Omigbade has not met the proficient benchmark as determined by the assessments used. As such, by way of mutual understanding and agreement, a search is currently underway for a new Head of School.

2b.1 Do you have more organizational goals to add?

No

2c. FINANCIAL GOALS

2014-15 Progress Toward Attainment of Financial Goals

	Financial Goals	Measure Used to Evaluate Progress	2014-2015 Progress Toward Attainment	If Not Met, Describe Efforts School Will Take
Financial Goal 1	Student enrollment will be within 15% of full enrollment as defined in the Brooklyn Charter Schools' contract.	BCS renewal contract, BCS enrollment record for 2013 - 2014	BCS met this goal. BCS began the school year with 237 students on register and ended the year with 228 students, 12 students below its projection of 240 as defined in its contract.	
Financial Goal 2	The Brooklyn Charter School will undergo an independent financial audit that will result in an unqualified opinion and no major findings	State Guidelines and BCS annual audit conducted by Schall & Aschenfarb	BCS met this goal. BCS general auditors, Schall & Aschenfarb conducted the 2014 - 2015 audit and produced an unqualified management letter that reflected no major findings.	
Financial Goal 3	The Brooklyn Charter school will operate a balanced budget and maintain a stable cash flow.	Annual 2014 - 2015 Budget for BCS was approved by the Board of Trustees,	BCS met this goal. BCS operated from a balance budget based on a total enrollment of 237 students and demonstrated stable cash flow to the end of the fiscal year with a net worth of \$3.7 as of June 30, 2015.	
Financial Goal 4				
Financial Goal 5				

Appendix A: Progress Toward Goals

Created Thursday, July 24, 2014

Updated Thursday, October 30, 2014

Page 1

Charter School Name: 331400860809 BROOKLYN CS

1. NEW YORK STATE REPORT CARD

Provide a direct URL or web link to the most recent New York State School Report Card for the charter school (See <https://reportcards.nysed.gov/>).

(Charter schools completing year one will not yet have a School Report Card or link to one. Please type "URL is not available" in the space provided).

(No response)

2. APPENDIX A: PROGRESS TOWARD CHARTER GOALS

2a. ACADEMIC STUDENT PERFORMANCE GOALS

If the results are not available by August 1st, please list the goals and explain this in the "progress toward goal attainment" column. This task will reopen for the school to update and finalize by the November 1, 2014 due date.

2013-14 Progress Toward Attainment of Academic Goals

	Academic Student Performance Goal	Measure Used to Evaluate Progress	2013-2014 Progress Toward Attainment	If Not Met, Describe Efforts to be Taken
Academic Goal 1	Absolute Performance Goals: The Brooklyn Charter School will earn a score sufficient to place it in the 75th percentile of all schools on the "Performance" section of the citywide Progress Report.	2013-14 New York City Department of Education Progress Report	BCS did not meet this goal. BCS scored in the 51st percentile of schools citywide.	In 2013-14, BCS was hopeful in meeting its academic goals based on the strength of its new instructional leadership. By November of 2013, BCS suffered the loss of its Principal, and it soon became evident that the Assistant Principal was unable to effectively guide instruction to meet the prescribed performance benchmarks. The term of the Assistant Principal ended well before the end of the school year. In November, BCS recruited one of its classroom teachers to function as an Interim Assistant Principal. BCS diligently pursued a new leadership structure to secure its academic

standing. The BCS Board of Trustees voted to provide academic and leadership scholarships to build capacity from within BCS. The Interim Assistant Principal was awarded scholarship to the Math Leadership program at Bank Street College and would take on the role of Assistant Principal of Math, K-5, at BCS in 2014-15. BCS also diligently sought and hired an experienced and knowledgeable practitioner of the Literacy Framework to lead its literacy initiative, K-5, as the Assistant Principal of ELA.

Academic Goal 2	English Language Arts Goal: 75% of students in grades 3-5 who have been enrolled at the Brooklyn Charter School on BEDS day for at least two consecutive years will perform at or above Level 3 on the New York State English Language Arts Assessment	2013-14 New York State English Language Arts Assessment in Grades 3-5	<p>BCS did not meet this goal.</p> <p>Of a total of 91 students in Grades 3-5 who were enrolled on BEDS day and have been at BCS for at least two consecutive years, 17 students or 18.6% performed at or above Level 3.</p> <p>The following scores demonstrate the individual grade-specific outcomes relating to this goal:</p> <p>3rd Grade - 17.9% 4th Grade - 25.8% 5th Grade - 12.5%</p>	<p>BCS began the 2014-15 school year with a clear focus on its objectives:</p> <ul style="list-style-type: none"> • to elevate the level of ELA instruction in the classrooms by aligning teaching and learning to the Common Core • provide necessary and ongoing professional development by offering comprehensive training for all Lead teachers around the Literacy Framework • increase the level of accountability of classroom teachers and students by providing clear lesson plan feedback, regular classroom observations and implementing a Performance Management Protocol • ensure a comprehensive assessment system, K-5, with consistent reflection on data trends in student performance from benchmark, interim and standardized assessments • provide additional supports for all students at risk, including its Sp. Ed. population through general classroom supports from the Special Education Coordinator; individual
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				pull out with the SETSS teacher and four (4) ICT classrooms. • BCS has hired a Writing Specialist (K-5) to further student's understanding of comprehension of the English Language and the Writing process
Academic Goal 3	Mathematics Goal: 75% of students in grades 3-5 who have been enrolled at The Brooklyn Charter School on BEDS day for at least two consecutive years will perform at or above Level 3 on the New York State Mathematics Assessment.	2013-14 New York State Mathematics Assessment in Grades 3-5	<p>BCS did not meet this goal.</p> <p>Of a total of 91 students in Grades 3-5 who were enrolled on BEDS day and have been at BCS for 2 or more consecutive years, 31 students or 34% students scored at or above Level 3.</p> <p>The following scores demonstrate the individual grade-specific outcomes relating to this goal:</p> <p>Grade 3: 39% Grade 4: 38.7% Grade 5: 43.7%</p>	<p>BCS recognizes that much of the Math assessment is reading, comprehension and reasoning. With this in mind, the above section that describes the ELA plan is critical. BCS has shifted its primary Math curriculum to Investigations (TERC) and will develop a more constructivist approach to teaching and learning math. BCS will focus on the following objectives for 2014-15:</p> <ul style="list-style-type: none"> • to elevate the level of Math instruction in the classrooms by aligning teaching and learning to the Common Core and adopting more of a constructivist approach • provide necessary and ongoing professional development by offering comprehensive training for all teachers • increase the level of accountability of classroom teachers and students by providing clear lesson plan feedback, regular classroom observations, developing student portfolios and implementing a Performance Management Protocol • Ongoing grade level planning and reflective meetings • ensure a comprehensive assessment system, K-5, with consistent reflection on data trends in student performance from benchmark, interim and standardized assessments • Daily assessment tracking intended to reflect

				individual student needs • provide additional supports for all students at risk, including its Sp. Ed. population through general classroom supports from the Special Education Coordinator; individual pull out with the SETSS teacher and four (4) ICT classrooms.
Academic Goal 4	Science Goal: 75% of 4th grade students who have been enrolled and attended The Brooklyn Charter School on BEDS day for at least two consecutive years will perform at or above Level 3 on the New York State Grade 4 Science Assessment.	2013-14 New York State Grade 4 Science Assessment	BCS met and exceeded this goal. Of the 31 students enrolled at BCS on BEDS day for at least two consecutive years 30 students performed at or above Level 3 on the New York State Grade 4 Science Assessment. 96.7% of students performed at or above Level 3.	
Academic Goal 5	Social Studies Goal: 75% of 5th grade students who have been enrolled at The Brooklyn Charter School on BEDS Day for at least two consecutive years will perform at or above Level 3 on the New York State Social Studies examination.	Not Applicable – The New York State 5th Grade Social Studies Assessment is no longer administered.		
Academic Goal 6	Value-Added Performance/Progress Goals: The Brooklyn Charter School will earn a score sufficient to place it in the 75th percentile of all schools on the “Progress” section of the citywide Progress Report.	Not Applicable - The New York City Department of Education Progress Report is no longer issued in this form	Pending release of New York State Test results and New York City Department of Education Progress Report Card.	
Academic Goal 7	English Language Arts Goal: For years 2-5, each grade-level cohort of the same students (i.e. students who are in the school for two years in a row) will reduce by one-half the gap between the percent at or above Level 3 on the	2013-14 New York State ELA test scores. 2012-2013 NYCDOE and ELA test scores.	BCS did not meet this goal. BCS has 2 cohorts: Cohort 1. 2012-2013 3rd Grade students who were 2013-2014 4th Graders Cohort 2. 2012-2013 4th	See ELA plans outlined in the above academic goals to address this goal

	previous year's ELA exam (baseline) and 90% at or above Level 3 on the current year's State ELA exam.		Graders who were 2013-2014 5th Graders	
			Cohort 1: 2012-13 ELA— 28.6% 2013-14 ELA— 23.5%	
			Cohort 2: 2012-13 ELA--- 17.1% 2013-14 ELA--- 12.1%	
Academic Goal 8	Mathematics Goal: For years 2-5, each grade-level cohort of the same students (i.e. students who are in the school for two years in a row) will reduce by one-half the gap between the percent at or above Level 3 on the previous year's Math exam (baseline) and 75% at or above Level 3 on the current year's State Math exam.	2013-14 New York City State Math test scores. 2012-2013 NYCDOE Progress Report and Math test scores	BCS did not meet this goal for Cohort 1. BCS met this goal for Cohort 2 BCS has 2 cohorts: Cohort 1. 2012-2013 3rd Grade students who were 2013-2014 4th Graders Cohort 2. 2012-2013 4th Graders who were 2013-2014 5th Graders Cohort 1: 2012-13 Math -- 45.7% 2013-14 Math -- 36.4% Cohort 2: 2012-13 Math--- 29.3% 2013-14 Math--- 45.4%	See Mathematics plans outlined in the above Academic goals to address this goal

2a1. Do have more academic goals to add?

(No response)

2013-14 Progress Toward Attainment of Academic Goals

	Academic Student Performance Goal	Measure Used to Evaluate Progress	2013-2014 Progress Toward Attainment	If Not Met, Describe Efforts to be Taken
Academic Goal 9	Comparative Performance Goals: The Brooklyn Charter School will earn a score sufficient to place it in the 75th percentile of all schools on the citywide Progress Report.	2013-14 New York State Test scores.	BCS did not meet this goal BCS scored in the 51st percentile of schools Citywide	BCS will implement its ELA and Math Plans as stated in the above sections. BCS will also provide more support for students and families through active workshops on the Common Core Learning Standards and BCS curriculum approaches. BCS students will continue to have access to After-School Home-work

help and Saturday Academy tutorials to increase academic proficiency. BCS will also track and document student progress through portfolios, unit assessments, interim assessments and teacher records at lower grade levels to ensure that students are meeting grade level benchmarks as they move into the upper elementary grades.

Academic Goal 10	English Language Arts Goal: The % of students performing at or above Level 3 on the NYS ELA Assessment in grades 3, 4, & 5 will exceed the average performance of students in the same tested grades of Community School District #14.	2013-14 New York State English Language Arts Assessment in grades 3-5 Community School District #14 scored: 3rd Grade: 33.2% 4th Grade: 28.7 5th Grade: 26.5	BCS did not meet this goal BCS scored: 3rd Grade – 18.9 % which represents 14.3% below CSD #14 4th Grade – 23.5% which represents 5.2% below CSD #14 5th Grade – 12.2% which represents 14.3% below CSD# 14	See ELA Plans outlined in the above academic goals to address this goal
Academic Goal 11	Mathematics Goal: The % of students performing at or above Level 3 on the NYS Math Assessment in grades 3, 4, & 5 will exceed the average performance of students in the same tested grades of Community School District #14.	2013-14 New York State Mathematics Assessment in grades 3-5 Community School District #14 scored 3rd Grade: 38.7% 4th Grade: 37.2% 5th Grade: 35.5%	BCS only met this goal for Grade 5. BCS did not meet this goal for Grades 3 & 4. BCS scored: 3rd Grade – 36.1% which represents 2.6% below CSD #14 4th Grade - 36.4% which represents 0.8% below CSD #14 5th Grade – 45.4% which represents 9.9% above CSD #14	See Mathematics plans outlined in the above Academic goals to address this goal
Academic Goal 12	From years 2-4, The Brooklyn Charter School will receive a “B” or higher on the Student Progress section of the NYCDOE Progress Report.	The NYCDOE Report Card is no longer issued.	This rating is not applicable.	
Academic Goal 13	AYP Status Goal: The Brooklyn Charter	The NYCDOE Report Card is no longer issued.	This rating is not applicable.	

School will be deemed "In
Good Standing"

2a2. Do have more academic goals to add?

No

2b. ORGANIZATIONAL GOALS

2013-14 Progress Toward Attainment of Organizational Goals

	Organizational Goal	Measure Used to Evaluate Progress	2013-14 Progress Toward Attainment	If Not Met, Describe Efforts to be Taken
Org Goal 1	The Brooklyn Charter School will have an average daily student attendance rate of at least 95%.	ATS: Automate the Schools – Attendance Reporting System	BCS did not meet this goal BCS achieved an average daily attendance of 92.1% this year. This is an increase of 0.6% over 2012-2013 attendance rate.	BCS continues to provide incentives for attendance through award ceremonies and classroom rewards. BCS will highlight Classroom and Individual attendance this year by designating part of a bulletin board to monthly perfect attendance. In School Year 2013-14, the Head of School addressed attendance needs as a major issue during the school's State of the School Address. BCS will continue to: 1. Identify and document student absences –excused and unexcused 2. Follow-up with phone calls to home when students are absent for more than 2 consecutive days 3. Letter to home after 10 absences 4. Family meeting with Head of School after 15 absences 5. Report to intervention authorities when necessary
Org Goal 2	The Brooklyn Charter School will maintain 95% of the student population from 2012-13 to 2013-14.	Attendance register	BCS did not meet this goal. BCS retained 93% of its student population from 2012-13 into 2013-14.	BCS experienced the same retention rate in the previous school year. BCS noted that the majority of its students transitioned out because families were moving out of town. BCS will continue to offer an attractive school environment that features: • Small classrooms with an advantageous student/ teacher ratio • Rigorous curriculum that includes Music and Dance as part of the core • BCS will continue an aggressive ad campaign to further attract English Language Learners, Students with Disabilities and Low

				<p>income families</p> <ul style="list-style-type: none"> • After-school homework help and Saturday Academy • Attractive extracurricular activities for all grades in the after school hours • BCS will also focus on building school community through family picnics and special events and providing more opportunities to further engage families in the activities of the school.
Org Goal 3	The Brooklyn Charter School will comply with all applicable laws, rules, regulations, and contract terms including, but not limited to, the New York Charter Schools Act, the New York Freedom of Information Law, the New York Open Meetings Law, the federal Individuals with Disabilities Education Act, and federal Family Educational Rights and Privacy Act.	State and DOE monitoring guidelines	BCS met this goal	
			BCS was not cited by the State or DOE for failing to comply with applicable laws, rules, regulation.	
Org Goal 4	The Brooklyn Charter School will receive 7.5 or higher scores in each of the 4 domains, on the NYCDOE Learning Environment Survey that will express parent satisfaction.	2013-14 New York City Department of Education School Survey results on Progress Reports are no longer issued	This rating is not applicable.	
Org Goal 5	The Brooklyn Charter School Head of School will achieve ratings of Proficient or Distinguished, and an average percentile score of 85% or higher, using the BCS Head of School Evaluation	VAL-ED 2013 rating and score	BCS did not meet this goal.	BCS failed to meet its academic benchmarks and the school suffered considerable internal disruption during the 2013-2014 School Year. The Head of School is held accountable for the school's performance. The BCS Board of Trustees requested the Head of School to identify and implement strategies that would ensure BCS's academic success in 2014-2015. The Head of School identified the following strategies: the hiring of a competent ELA Leader, heightened oversight of classroom instruction and individual student progress, ongoing professional development designed to build capacity
			The Head of School was rated unsatisfactory by the BCS Board of Trustees	

for all instructional staff, a review of BCS Discipline Codes and the inclusion of a Dean of Students. The Head of School also clarified roles and responsibilities for all instructional and non-instructional staff with specific performance management protocols that involve timelines and performance metrics. The Head of School will also lead an initiative to make families and students aware of the expected levels of performance under the Common Core Learning Standards.

2b.1 Do you have more organizational goals to add?

No

2c. FINANCIAL GOALS

2013-14 Progress Toward Attainment of Financial Goals

	Financial Goals	Measure Used to Evaluate Progress	2013-2014 Progress Toward Attainment	If Not Met, Describe Efforts to be Taken
Financial Goal 1	Student enrollment will be within 15% of full enrollment as defined in The Brooklyn Charter Schools' contract.	BCS renewal contract, BCS enrollment record for 2013-2014	BCS met this goal. BCS began the school year with 265 students on register and ended the year with 235 students, 5 students below its projection of 240 as defined in its contract.	
Financial Goal 2	The Brooklyn Charter School will undergo an independent financial audit that will result in an unqualified opinion and no major findings.	State Guidelines and BCS Annual Audit conducted by Schall & Aschenfarb	BCS met this goal BCS general auditors, Schall & Aschenfarb conducted the 2013-2014 audit and produced an unqualified management letter that reflected no major findings.	
Financial Goal 3	The Brooklyn Charter School will operate a balanced budget and maintain a stable cash flow.	Annual Budget for BCS for school year 2013-14 approved by BCS Board of Trustees	BCS met this goal. BCS operated from a balance budget based on a total enrollment of 260 students and demonstrated stable cash flow to the end of the fiscal year with a net worth of \$3.2 million as of June 30th, 2014.	

Appendix B: Total Expenditures and Administrative Expenditures per Child

Created Tuesday, July 22, 2014

Page 1

Charter School Name: 331400860809 BROOKLYN CS

B. Financial Information

This information is required of ALL charter schools. Provide the following measures of fiscal performance of the charter school in Appendix B (Total Expenditures and Administrative Expenditures Per Child):

1. Total Expenditures Per Child

To calculate 'Total Expenditures per Child' take total expenditures (from the unaudited 2013-14 Schedule of Functional Expenses) and divide by the count of students you reported on of BEDS Day. (Integers Only. No dollar signs or commas).

1. Total Expenditures Per Child Line 1: Total Expenditures Per Pupil	16184
1. Total Expenditures Per Child Line 2: BEDS Day Pupil Count	264
1. Total Expenditures Per Child Line 3: Divide Line 1 by Line 2	61

2. Administrative Expenditures per Child

To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the unaudited 2013-14 Schedule of Functional Expenses) and divide by the BEDS per pupil count. The relevant portion that must be included in this calculation is defined as follows:

Administrative Expenditures: Administration and management of the charter school includes the activities and personnel of the offices of the chief school officers, the treasurer, the finance or business offices, the purchasing unit, the employee personnel offices, the records management offices, or a public information and services offices. It also includes those administrative and management services provided by other organizations or corporations on behalf of the charter school for which the charter school pays a fee or other compensation.

Please note the following:

Do not include the FTE of personnel dedicated to administration of the instructional programs.

Do not include Employee Benefit costs or expenditures in the above calculations.

A template for the Schedule of Functional Expenses is provided on page 21 of the 2012 Annual Report Guidelines to assist schools identify the categories of expenses needed to compute the two per pupil calculations. This template does not need to be completed or submitted on August 1st as it will be submitted November 1st as part of the audited financial statements. Therefore schools should use unaudited amounts for these per pupil calculations. (See the 2013-14 Annual Report Guidelines in "Resources" area of your portal task page).

To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the 2013-14 Schedule of Functional Expenses) and divide by the count of students as of BEDS Day. (Integers Only. No dollar signs or commas).

To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the 2013-14 Schedule of Functional Expenses) and divide by the count of students as of BEDS Day. (Integers Only. No dollar signs or commas). Line 1: Relevant Personnel Services Cost (Row)	2496049
To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the 2013-14 Schedule of Functional Expenses) and divide by the count of students as of BEDS Day. (Integers Only. No dollar signs or commas). Line 2: Management and General Cost (Column)	1307390
To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the 2013-14 Schedule of Functional Expenses) and divide by the count of students as of BEDS Day. (Integers Only. No dollar signs or commas). Line 3: Sum of Line 1 and Line 2	3803439
To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the 2013-14 Schedule of Functional Expenses) and divide by the count of students as of BEDS Day. (Integers Only. No dollar signs or commas). Line 4: BEDS Day Pupil Count	264
To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the 2013-14 Schedule of Functional Expenses) and divide by the count of students as of BEDS Day. (Integers Only. No dollar signs or commas). Line 5: Divide Line 3 by the BEDS Day Pupil Count	14407

Thank you.



IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

BROOKLYN CHARTER SCHOOL

**Audited Financial Statements In Accordance
With Government Auditing Standards**

June 30, 2014

BROOKLYN CHARTER SCHOOL

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IRAL SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Brooklyn Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Brooklyn Charter School ("the School"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

As more fully described in Note 1 to the financial statements, the School is the sole member of another not-for-profit organization, The Wedding Garden, Inc. ("WG"). WG is being accounted for on the equity method of accounting. Accounting principles generally accepted in the United States of America requires the consolidation of this other entity and an elimination of intercompany transactions.

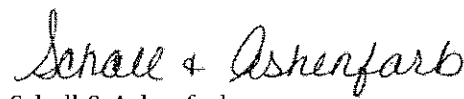
In our opinion, except for the effects of the departure of the accounting principle discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Brooklyn Charter School as of June 30, 2014, and the changes in 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.

Report on Summarized Comparative Information

We have previously audited the School's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 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 dated October 17, 2014 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 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 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.


Schall & Ashenfarb
Certified Public Accountants, LLC

October 17, 2014

BROOKLYN CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2014
(With comparative totals for June 30, 2013)

	<u>6/30/14</u>	<u>6/30/13</u>
Assets		
Cash and cash equivalents (Notes 2d and 11)	\$124,227	\$3,284,861
Restricted cash (Note 3)	70,000	70,000
Investments (Notes 2e and 4)	3,021,363	0
Grant receivable - New York City (Note 6)	88,527	0
Government grants receivable	98,714	31,878
Contributions receivable	25,000	7,050
Prepaid expenses	56,494	65,161
Investment in The Wedding Garden, Inc. (Note 1)	84,791	105,183
Furniture and equipment, net (Notes 2g and 5)	<u>64,596</u>	<u>79,507</u>
Total assets	<u><u>\$3,633,712</u></u>	<u><u>\$3,643,640</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$448,416	\$485,159
Advance payable - New York City (Note 6)	<u>0</u>	<u>69,629</u>
Total liabilities	<u>448,416</u>	<u>554,788</u>
Net Assets: (Note 2a)		
Unrestricted	2,807,953	2,722,185
Temporarily restricted (Note 7)	10,676	0
Permanently restricted (Note 8)	<u>366,667</u>	<u>366,667</u>
Total net assets	<u>3,185,296</u>	<u>3,088,852</u>
Total liabilities and net assets	<u><u>\$3,633,712</u></u>	<u><u>\$3,643,640</u></u>

*The attached notes and auditors' report
are an integral part of these financial statements.*

BROOKLYN CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	6/30/14	6/30/13
Public Support and Revenue:					
Public school district: (Notes 2c and 6)					
Revenue - resident student enrollment	\$3,333,567			\$3,333,567	3,345,674
Revenue - students with special education services	112,242			112,242	0
Subtotal public school district	3,445,809	0	0	3,445,809	3,345,674
Government grants (Note 2c)	126,532			126,532	182,069
Contributions (Note 2b)	55,000			55,000	646,313
In-kind contributions (Note 2h)	633,200			633,200	599,050
Investment income (Note 4)	87,814	10,676		98,490	0
Other income	15,137			15,137	4,830
Total public support and revenue	4,363,492	10,676	0	4,374,168	4,777,936
Expenses:					
Program services:					
Instructional support	3,471,328	0	0	3,471,328	3,308,804
Supporting services:					
Management and general	892,004			892,004	1,042,510
Total expenses	4,363,332	0	0	4,363,332	4,351,314
Change in net assets from operations	160	10,676	0	10,836	426,622
Non operating activity:					
Increase of investment in The Wedding Garden, Inc. (Note 1)	85,608			85,608	149,334
Change in net assets	85,768	10,676	0	96,444	575,956
Net assets - beginning of year	2,722,185		366,667	3,088,852	2,512,896
Net assets - end of year	\$2,807,953	\$10,676	\$366,667	\$3,185,296	\$3,088,852

*The attached notes and auditors' report
are an integral part of these financial statements.*

BROOKLYN CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	<u>Program Services</u>	<u>Supporting Services</u>		
	Instructional Support	Management and General	Total Expenses 6/30/14	Total Expenses 6/30/13
Salaries	\$1,934,308	\$492,534	\$2,426,842	\$2,512,992
Payroll taxes and employee benefits	558,460	142,201	700,661	689,992
Total personnel costs	<u>2,492,768</u>	<u>634,735</u>	<u>3,127,503</u>	<u>3,202,984</u>
Professional development	113,514		113,514	113,029
Professional fees	52,875	29,648	82,523	54,347
Student and staff recruitment		53,098	53,098	35,324
Curriculum and classroom	117,074		117,074	109,360
Supplies and materials	21,717	5,530	27,247	27,062
Food services	2,611		2,611	3,037
Student transportation services	1,748		1,748	0
Postage, printing and copying	14,781	3,764	18,545	17,174
Insurance	50,652	12,897	63,549	58,823
Information technology	9,812	2,498	12,310	4,677
Repairs and maintenance	279	71	350	999
Occupancy and facility costs - in-kind	504,690	128,510	633,200	611,370
Depreciation	27,187	6,923	34,110	37,427
Special events	49,640		49,640	64,079
Other	11,980	14,330	26,310	11,622
Total other than personnel costs	<u>978,560</u>	<u>257,269</u>	<u>1,235,829</u>	<u>1,148,330</u>
Total expenses	<u><u>\$3,471,328</u></u>	<u><u>\$892,004</u></u>	<u><u>\$4,363,332</u></u>	<u><u>\$4,351,314</u></u>

*The attached notes and auditors' report
are an integral part of these financial statements.*

**BROOKLYN CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

(With comparative totals for the year ended June 30, 2013)

	<u>6/30/14</u>	<u>6/30/13</u>
Cash Flows from Operating Activities:		
Change in net assets	\$96,444	\$575,956
Adjustments to reconcile change in net assets to net cash from operating activities:		
Realized and unrealized gains on investments	(74,132)	0
Depreciation expense	34,110	37,427
Increase - investment in The Wedding Garden, Inc.	(85,608)	(149,334)
(Increase)/decrease in assets:		
Grant receivable - New York City	(88,527)	0
Government grants receivable	(66,836)	(11,016)
Contributions receivable	(17,950)	(7,050)
Accounts receivable - meal fees	0	1,781
Prepaid expenses	8,667	895
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(36,743)	72,734
Advance payable - New York City	(69,629)	(1,787)
Total adjustments	<u>(396,648)</u>	<u>(56,350)</u>
Net cash (used for)/provided by operating activities	<u>(300,204)</u>	<u>519,606</u>
Cash Flows from Investing Activities:		
Purchase of furniture and equipment	(19,199)	(28,427)
Purchase of investments	(3,288,193)	0
Proceeds from sales of investments	340,962	0
Net cash received from The Wedding Garden, Inc.	<u>106,000</u>	<u>129,000</u>
Net cash (used for)/provided by investing activities	<u>(2,860,430)</u>	<u>100,573</u>
Net (decrease)/increase in cash and cash equivalents	(3,160,634)	620,179
Cash and cash equivalents - beginning of year	<u>3,284,861</u>	<u>2,664,682</u>
Cash and cash equivalents - end of year	<u><u>\$124,227</u></u>	<u><u>\$3,284,861</u></u>
Supplemental disclosures:		
Interest paid - \$0		
Taxes paid - \$0		

*The attached notes and auditors' report
are an integral part of these financial statements.*

BROOKLYN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1 - Organization and Nature of Activities

Brooklyn Charter School ("the School"), located in Brooklyn, New York, is a not-for-profit education corporation chartered by the Regents of the University of the State of New York. The School provides a full range of educational services appropriate for grade levels K, 1, 2, 3, 4 and 5. The School completed the 2013-2014 fiscal year with an average enrollment of approximately 246 students. The School is a publicly funded, privately managed school, which is independent of the New York City Department of Education ("NYCDOE").

On June 21, 2011, the Board of Regents of the University of the State of New York, for and on behalf of the State Education Department, extended the provisional charter up through and including June 30, 2016.

The School 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.

The School is the sole member of The Wedding Garden, Inc. ("WG"), an organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. To satisfy requirements of NYCDOE to report financial information on activity of charter school separate from non-operating activity, the School has elected to treat its sole membership as an investment under the equity method, which differs from accounting principles generally accepted in the United States of America ("U.S. GAAP"). Under U.S. GAAP, organizations are required to consolidate financial statements of both entities and to eliminate intercompany transactions.

Note 2 - Significant Accounting Policies

a. Basis of Presentation

The accompanying 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 when received or paid. All significant receivables, payables and other liabilities have been reflected.

The School's net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* – represent those resources for which there are no restrictions by donors as to their use.
- *Temporarily restricted* – represent those resources, the uses of which have been restricted by donors to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. Temporarily restricted contributions and grants, the requirements of which are met in the year of donation, are reported as

unrestricted.

- *Permanently restricted* – accounts for activity restricted by donors that must remain intact in perpetuity. During the year ended June 30, 2013, the School received a contribution from a related entity, Sheltering Arms Children's Service ("SACS"), pursuant to its plan of dissolution and distribution of assets, which was approved by the Supreme Court of the State of New York. Specific terms of this contribution require the School to establish a permanently restricted endowment.

b. Contributions

Contributions are recorded as revenue at the earlier of the receipt of cash or when pledges are considered unconditional in nature. Contributions are considered available for unrestricted use, unless specifically restricted by the donor, in which case they are recorded as temporarily restricted.

Contributions expected to be received within one year are recorded at their net realizable value. Long-term pledges are recorded at fair value using a risk adjusted discounted rate. Conditional contributions received are recorded as liabilities and are recognized as income when the conditions have been substantially met.

c. Revenue Recognition

Public school district revenue is recognized based on rates established by the School's funding source and the amount realizable on the accrual basis in the period during which services are provided.

The terms of each government grant are reviewed to determine if they contain traits more closely associated with contributions or exchange transactions. Management has determined that all existing government grants are exchange transactions because they contain traits more similar to contracts for service. The difference between revenue earned and cash received is reflected as grants receivable or advances payable.

d. Cash and Cash Equivalents

Checking and money market accounts with local banks and highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash and cash equivalents.

e. 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. Realized and unrealized gains and losses are recognized in the statement of activities.

f. Accounts Receivable – Meal Fees

Meal fees are charged to students who do not qualify for free lunch because of certain family income thresholds.

The School reviews receivables and records an allowance for doubtful accounts on those receivables they feel it is unlikely they will collect based on historical experience and a review of activity subsequent to the balance sheet date.

g. Fixed Assets

Fixed assets are stated at cost or at the fair value at the date of gift, if donated. The School capitalizes fixed assets in excess of pre-defined amounts that have a useful life of more than one year. Depreciation was computed using the straight-line method over the estimated useful lives of the respective assets, which generally are between 5 and 7 years.

h. Contributed Space

The School's operations are located in a facility provided by NYCDOE at a charge of \$1.00 per annum and utilizes approximately 13,750 square feet. As such, the School has recorded the estimated fair value of this space as revenue and expense in the accompanying statements of activities and functional expenses.

i. Functional Allocation of Expenses

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

j. Use of Estimates

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

k. Summarized Comparative 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, 2013, from which the summarized information was derived.

l. Accounting for Uncertainty in Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax returns for periods ending June 30, 2011 and later are subject to examination by applicable taxing authorities.

m. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 17, 2014, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Restricted Cash

An escrow account has been established to meet the requirement of 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 4 - Investments

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 not observable, either directly or indirectly.

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

The fair value of investments held is as follows:

Description	June 30, 2014			
	Total	(Level 1)	(Level 2)	(Level 3)
Money markets	\$54,469	\$54,469	\$0	\$0
Equity mutual funds	1,174,216	1,174,216	0	0
Fixed income mutual funds	1,382,123	1,382,123		
Alternative investments	<u>410,555</u>	<u>0</u>	<u>0</u>	<u>410,555</u>
Total	<u>\$3,021,363</u>	<u>\$2,610,808</u>	<u>\$0</u>	<u>\$410,555</u>

Change to Level 3 investments are as follows:

Beginning balance	\$0
Investment purchases	446,584
Investment sales	(38,884)
Realized loss	(37)
Unrealized gain	<u>2,892</u>
Ending balance	<u>\$410,555</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned. Level 3 securities are valued based on the asset value reported by investment custodian. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Investment income consisted of the following:

Net realized/unrealized gain	\$74,132
Interest/dividend income	<u>24,358</u>
Total investment income	<u>\$98,490</u>

Note 5 - Furniture and Equipment

At year-end, fixed assets consisted of the following:

	<u>6/30/14</u>	<u>6/30/13</u>
Furniture and equipment	\$417,204	\$398,005
Less: accumulated depreciation	<u>(352,608)</u>	<u>(318,498)</u>
Furniture and equipment, net	<u>\$64,596</u>	<u>\$79,507</u>

Note 6 - Grant Receivable/Advance Payable – New York City Department of Education

	<u>6/30/14</u>	<u>6/30/13</u>
Beginning advance payable	(\$69,629)	(\$71,416)
Payments recovered	65,464	0
Funding based on allowable FTE's	3,445,809	3,345,674
Advances received	<u>(3,353,117)</u>	<u>(3,343,887)</u>
Ending grant receivable/(advance payable)	<u>\$88,527</u>	<u>(\$69,629)</u>

Note 7 - Temporarily Restricted Net Assets

At year-end, temporarily restricted net assets consisted of unappropriated endowment earnings. (See Note 8.)

Note 8 - Permanently Restricted Net Assets

In fiscal year ended June 30, 2013, the School received a contribution from SACS of approximately \$594,000, of which \$366,667 is required to be maintained as a permanently restricted endowment.

Interpretation of Relevant Law

The School follows New York Prudent Management of Institutional Funds Act ("NYPMIFA"), which the board of directors has interpreted to require certain amounts be retained permanently. Absent explicit donor stipulations to the contrary, the fair value of the original gift as of the gift date for all donor-restricted endowment funds will be preserved. However, under certain circumstances, the School has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, the School classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Absent any specific donor-stipulations, the remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by

the School.

Spending Policies

In accordance with NYPMIFA, the following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the School's mission and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources available;
- (7) The investment policies;
- (8) Where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have.

During the years ended June 30, 2014 and 2013, the board made no appropriations from the endowment.

Endowment Investment Policies

Endowment assets were pooled with investments, until the School adopts an investment policy.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires to be retained as a fund of perpetual duration. There were no such deficiencies at June 30, 2014.

Changes in endowment net assets can be summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$0	\$0	\$366,667	\$366,667
Investment income	0	2,681	0	2,681
Net realized/unrealized gains	<u>0</u>	<u>7,995</u>	<u>0</u>	<u>7,995</u>
Endowment net assets, end of year	<u>\$0</u>	<u>\$10,676</u>	<u>\$366,667</u>	<u>\$377,343</u>

Note 9 - Retirement Plan

The School sponsors a 401(k) profit sharing plan. Employees at least 21 years old are eligible to participate. The School's contributions are determined annually, on a discretionary basis, which was 4% through the years ended June 2014 and 2013. The total amount of employer contributions for 2014 and 2013 totaled \$87,275 and \$81,895, respectively.

Note 10 - Commitments and Contingencies

On July 1, 2005, the School and NYCDOE signed a facility shared use agreement for the use of certain dedicated space within a New York City public school. The agreement has been renewed on a year-to-year basis. The NYCDOE provides various operating services to the School including utilities, custodial and maintenance services, and charges a user fee of \$1.00 per annum. See Note 2h for contributed space disclosure.

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.

Note 11 - Significant Concentrations

Financial instruments which potentially subject the School to concentration of credit risk consist of cash, money market accounts and investment securities. The School places its temporary cash and money market accounts with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At year end, there were no significant uninsured balances. 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.

The School is dependent upon grants from NYCDOE to carry out its operations. For the years ended June 30, 2014 and 2013, 92% and 80%, respectively, of the School's total public support and revenue, excluding in-kind contributions, was realized from NYCDOE. The current charter runs through 2016. To be renewed, the School will need to be in the 50th percentile. Non-renewal of the School's charter would have adverse effects on the ability to sustain operations.

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

To the Board of Trustees of
Brooklyn Charter School

Report on the Financial Statements

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 Charter School ("the School"), which comprise the statement of financial position as of June 30, 2014, 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 17, 2014.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

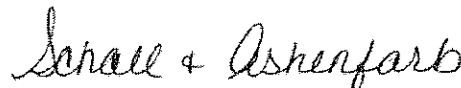
As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Finding 14-1.

Management's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.


Schall & Ashenfarb
Certified Public Accountants, LLC

October 17, 2014

**BROOKLYN CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2014**

Current Year:

14-1 – Per Pupil Billing

Criteria: To receive reimbursement for students that receive special education services, the School is required to report this to NYCDOE.

Condition: Students receiving special education services were not properly reported to NYCDOE for reimbursement.

Cause: There was no monitoring of the per pupil billing for special education by anyone other than the person who maintains the student files.

Effect or Potential Effect: The School was not reimbursed for students who met the special education per pupil qualifications.

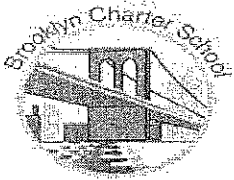
Recommendation: The business manager and the manager of student services should review the per pupil billing for special education to ensure that students receiving special education services are properly reported to NYCDOE.

Management Response: See management corrective action plan attached.

Prior Year Follow-Up:

13-1 – Per Pupil Funding – Proof of Residency

Resolution: The manager of student services reviewed the student files to ensure proof of residency is documented and the proper district is billed. This matter was resolved.



545 Willoughby Avenue, 3rd Fl. Brooklyn, NY 11206 (718)302-2085 FAX (718)302-2426

Omigbade Escayg
Head of School/Director

Mary Kate Boesch
Assistant Principal

Linda Hatfield
Assistant Principal, Ed.D.

**FINANCIAL STATEMENTS AND
SCHEDULE OF FINDINGS AND RESPONSES
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
JUNE 30, 2014**

APPENDIX A – CORRECTIVE ACTION PLAN

14-1 - Per Pupil Billing

Management has instituted new controls so that the business manager will review the per pupil billing for special education with the manager of student services and special education coordinator to ensure that students receiving special education services have been properly reported to NYCDOE.

New York State Education Department

Request for Proposals to Establish Charter Schools Authorized by the Board of Regents

2014-15 Budget & Cash Flow Template

General Instructions and Notes for New Application Budgets and Cash Flows Templates

1	Complete ALL SIX columns in BLUE
2	Enter information into the GRAY cells
3	Cells containing RED triangles in the upper right corner in columns B through G contain guidance on that particular item
4	Funding by School District information for all NYS School district is located on the State Aid website at https://stateaid.nysed.gov/charter/ . Refer to this website for per-pupil tuition funding for all school districts. Rows may be inserted in the worksheet to accomodate additional districts if necessary.
5	The Assumptions column should be completed for all revenue and expense items unless the item is self-explanatory. Where applicable, please reference the page number or section in the application narrative that indicates the assumption being made. For instance, student enrollment would reference the applicable page number in Section I, C of the application narrative.

Brooklyn Charter School

PROJECTED BUDGET FOR 2014-2015

July 1, 2014 to June 30, 2015

Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.

Total Revenue	3,869,746	=	=	498,162
Total Expenses	3,846,530	=	=	3,846,530
Net Income	13,210	=	=	(3,348,378)
Actual Student Enrollment	244			
Total Paid Student Enrollment				

[illegible]

REVENUE		CY Per Pupil Rate
REVENUES FROM STATE SOURCES		
Per Pupil Revenue		
District of Location		
School District 2 (Enter Name)		
School District 3 (Enter Name)		
School District 4 (Enter Name)		
School District 5 (Enter Name)		
Special Education Revenue		
Grants		
Stimulus		
Other		
Other State Revenue		
TOTAL REVENUE FROM STATE SOURCES	3,351,588	
REVENUE FROM FEDERAL FUNDING		
IDEA Special Needs Title I		
Title Funding - Other		
School Food Service (Free Lunch)		
Grants		
Charter School Program (CSP) Planning & Implementation		
Other		
Other Federal Revenue		
TOTAL REVENUE FROM FEDERAL SOURCES	347,162	
LOCAL and OTHER REVENUE		
Contributions and Donations, Fundraising		
Erate Reimbursement		
Interest Income, Earnings on Investments,		
NYC-DYCD (Department of Youth and Community Development)		
Food Service (Income from meals)		
Text Book		
Other Local Revenue		
TOTAL REVENUE FROM LOCAL and OTHER SOURCES	131,000	
TOTAL REVENUE	3,059,740	

EXPENSES		No. of Positions	List exact titles and staff FTE's (Full time equivalent)	
ADMINISTRATIVE STAFF PERSONNEL COSTS				
Executive Management	448,045	448,045		
Instructional Management				
Deans, Directors & Coordinators				
CFO / Director of Finance				
Operation / Business Manager	182,899	182,899		
Administrative Staff	198,448	198,448		
TOTAL ADMINISTRATIVE STAFF	829,392	829,392		
INSTRUCTIONAL PERSONNEL COSTS				
Teachers - Regular	305,792	305,792		
Teachers - SPED				
Substitute Teachers	9,600	9,600		
Teaching Assistants	496,866	496,866		

PROJECTED BUDGET FOR 2014-2015

DESCRIPTION OF RECORDING EQUIPMENT - PLEASE PRINT OR TYPE

Total Revenue	
Total Expenses	
Net Income	
Actual Student Enrollment	
Total Paid Student Enrollment	



— 0.0 0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 0.9 1.0

Brooklyn Charter School

PROJECTED BUDGET FOR 2014-2015

July 1, 2014 to June 30, 2015

Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.

Total Revenue
Total Expenses
Net Income
Actual Student Enrollment
Total Paid Student Enrollment

REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
3,899,740	-	-	-	-	490,132
3,846,630	-	-	-	-	3,846,630
13,210	-	-	-	-	(3,348,376)
244	-	-	-	-	-

REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
3,899,740	-	-	-	-	490,132
3,846,630	-	-	-	-	3,846,630
13,210	-	-	-	-	(3,348,376)
244	-	-	-	-	-

REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
3,899,740	-	-	-	-	490,132
3,846,630	-	-	-	-	3,846,630
13,210	-	-	-	-	(3,348,376)
244	-	-	-	-	-

Other
TOTAL SCHOOL OPERATIONS
FACILITY OPERATION & MAINTENANCE
Insurance
Janitorial
Building and Land Rent / Lease
Repairs & Maintenance
Equipment / Furniture
Security
Utilities
TOTAL FACILITY OPERATION & MAINTENANCE
DEPRECIATION & AMORTIZATION
DISSOLUTION ESCROW & RESERVES / CONTINGENCY

TOTAL EXPENSES
NET INCOME

ENROLLMENT - *School Districts Are Linked To Above Entries*

District of Location
School District 2 (Enter Name)
School District 3 (Enter Name)
School District 4 (Enter Name)
School District 5 (Enter Name)

TOTAL ENROLLMENT
REVENUE PER PUPIL
EXPENSES PER PUPIL

REGULAR EDUCATION	SPECIAL EDUCATION	TOTAL ENROLLED

REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
3,899,740	-	-	-	-	490,132
3,846,630	-	-	-	-	3,846,630
13,210	-	-	-	-	(3,348,376)
244	-	-	-	-	-

Audited Financial Statement Checklist

Created Thursday, October 30, 2014

Page 1

Charter School Name:

1. Please check each item that is included in the 2013-14 Audited Financial Statement submitted for your charter school.

	Yes/No
Audited Financial Statements (including report on compliance and report on internal control over financial reporting)	Yes
Single Audit (if applicable)	Not Applicable
CSP Agreed Upon Procedures (if applicable)	Not Applicable
Management Letter	Yes
Report on Extracurricular Student Activity Accounts (if applicable)	Not Applicable
Corrective Action Plans for any Findings	Yes

2. Please indicated if there is a finding(s) noted in any of the following sections of your charter school's 2013-14 Audited Financial Statement.

	Yes/No
Report on Compliance	Not Applicable
Report on Internal Control over Financial Reporting	Yes
Single Audit	Not Applicable
CSP Agreed Upon Procedures Report	Not Applicable
Management Letter	Yes

Thank you.

Appendix E: Disclosure of Financial Interest Form

Created Tuesday, July 01, 2014

Updated Thursday, July 24, 2014

Page 1

331400860809 BROOKLYN CS

An Appendix E: Disclosure of Financial Interest Form must be completed for each active Trustee who served on the charter school's Board of Trustees during the 2013-14 school year. Trustees are at times difficult to track down in the summer months. Trustees may complete and submit at their leisure (but before the deadline) their individual form at:

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-trustee-disclosure-form/>. Trustees may download and/or email their forms to you upon completion.

Trustees who are technologically advanced may complete the survey using their smartphones or other mobile devices by downloading the this bar code link to the survey <https://fluidsurveys.com/account/surveys/540612/publish/qrcode/>. (Make sure you have the bar code application reader on your phone).

If a Trustee is unable to complete the form by the deadline (i.e, out of the country), the school is responsible for submitting the information required on the form for that individual trustee.

Just send the links via email today to your Trustees requesting that they each complete their form as soon as possible.
Thank you.

Yes, each member of the school's Board of Trustees has received a link to the Disclosure of Financial Interest Form.

Yes

Thank you.

Appendix F: BOT Membership Table

Created Tuesday, July 01, 2014

Updated Tuesday, July 22, 2014

Page 1

331400860809 BROOKLYN CS

1. Current Board Member Information

	Full Name of Individual Trustees	Position on Board (Officer or Rep).	Voting Member	Area of Expertise &/or Additional Role	Terms Served & Length (include date of election and expiration)	Committee affiliations
1	Henry Lambert	Chair/President	Yes	Business/Finance/Real Estate	10 years	All Committees
2	Michael Catlyn	Vice Chair/Vice President	Yes	Human Resources & Finance/Chair Finance Committee	12 years	Finance Committee
3	Diana Lee	Secretary	Yes	Law	6 years	Legal/Governance Committee
4	Mihran Keosian	Member Ex-Officio	No	Education/Education Committee	2 years	Education Committee
5	Anthony Betaudier	Parent Rep	Yes	Real Estate/Education Committee Member	6 years	Education Committee
6	Catherine Horath	Other	No	Teacher/Faculty Representative	2 years	Education
7	Omigbade Escayg	Member Ex-Officio	No	Head of School/Education	15 years	All Committees
8	DeShana Cabasan	Parent Rep	No	Family Representative	1 year	Education Committee

2. Total Number of Members Joining Board during the 2013-14 school year

0

3. Total Number of Members Departing the Board during the 2013-14 school year

1

4. According to the School's by-laws, what is the maximum number of trustees that may comprise the governing board?

15

5. How many times did the Board meet during the 2013-14 school year?

8

6. How many times will the Board meet during the 2014-15 school year?

8

Thank you.

Appendix H:

BCS was diligent in its efforts in 2013-2014 to attract and recruit Students with Disabilities, English Language Learners and students who qualify for free and reduced lunch.

BCS retained its fulltime ESL teacher who provided direct instructional supports to 11 ELL students throughout the entire school year. This was the highest number of ELL students recorded at BCS.

BCS continued its outreach efforts to the ELL population through the following:

- BCS's new website is user friendly, fully translatable into over 80 languages and has a clearly visible "Enroll" button on the home page which links directly to the application.
- Print ads in El Diario, and ads in general newspapers that specified an outreach to diverse English Language Learners
- BCS attended several recruitment fairs and provided materials in Spanish
- Distribution of post cards that were bi-lingual in appeal
- BCS enrollment application is available in Spanish as well as the school's outreach brochure. Multiple copies of these were distributed to libraries, daycare centers, nursery schools, Community Center Schools and pedestrians.
- BCS continued to diversify its teaching faculty ensuring a multi-lingual community. BCS faculty comprised 5 Spanish speakers, 1 Korean speaker, 2 Mandarin Chinese speakers, 1 Italian speaker, and 1 Arabic speaker. The Head of School speaks French and Spanish.

BCS is located in the Bedford-Stuyvesant Community of Brooklyn, which is still considered one of the most underserved communities in New York City. BCS currently serves 83% of its student population on free and reduced lunch. A general outreach effort targets all families and, in particular, those students qualified for free and reduced lunch.

Along with the above outreach for ELL students BCS undertook the following efforts:

- Printed ads in the Brooklyn Family magazine, Our Times Press, and the YMCA catalog
- Distribution of brochures and flyers in the neighborhoods surrounding the school
- On foot campaign throughout the immediate neighborhood during July 2014 to solicit applications
- Bus station ads at strategic terminals and intersections throughout Bedford-Stuyvesant

Efforts to target students with disabilities were met with equal attention. BCS implemented its first Collaborative Team Teaching classroom in the 2nd grade, in 2013-14. BCS also planned to have 3rd grade and 4th grade CTT rooms in 2014-15.

All BCS ads and printed materials include our discriminatory policy and a note to welcome Students with Disabilities and English Language Learners.

BCS will continue its outreach efforts, as stated above, into the 2014-15 school year, to target Students with Disabilities, English Language Learners and Students who qualify for free and reduced lunch.

Retention has been a challenge for BCS. While the Charter growth plan denotes a total enrollment of 240 students for the 2013-14 school year, BCS started the school year with 265 students. This was in part due to the success of our outreach efforts, our need to satisfy the "underutilized" categorization for building usage, and to meet our budget needs. While BCS started the year with 265 students we ended the school year with 235 Students; 5 students below the Charter enrollment plan.

BCS offers a number of attractive features to support retention:

- BCS provides an Arts (Music & Dance) program as part of its daily core curriculum
- Small classrooms with 2 teachers per class providing approximately a 10:1 student teacher ratio
- Beyond a rigorous core curriculum BCS also provides, After School homework help,; a 15-week Saturday Academy that includes intervention and test preparation
- After school selective, extra-curricular activities for Grades K-5 that include Karate, Piano, Jazz Vocals, Afro-Cuban and Brazilian percussion
- Overnight programs in outdoor education and team-building at the Clearpool Education Center and Ramapo
- BCS will be introducing its on-line "Parent Portal" to its families in September 2014. This cutting-edge feature will allow for greater communication between the classroom and home, and school and home. Families will have direct access to daily homework, student records, grades, test scores and student progress records. Families will have greater access to the school calendar and announcements.

BCS plans to enhance its visibility through its ad campaign, heightened Search Engine Optimization efforts, as well as, through a variety of back-pack ads and giveaways to its students and families.

Appendix I: Teacher and Administrator Attrition

Created Tuesday, July 01, 2014

Page 1

Charter School Name:

Instructions for completing the Teacher and Administrator Attrition Tables
Board of Regents-authorized charter schools should provide, for teachers and administrators only, the full time equivalent (FTE) of staff on June 30, 2013, the FTE for added staff from July 1, 2013 through June 30, 2014, and the FTE for any departed staff from July 1, 2013 through June 30, 2014 using the two tables provided.

2013-14 Teacher Attrition Table

FTE Teachers on June 30, 2013	FTE Teachers Additions 7/1/13 – 6/30/14	FTE Teacher Departures 7/1/13 – 6/30/14
32	5	10

2013-14 Administrator Position Attrition Table

FTE Administrator Positions On 6/30/2013	FTE Administrator Additions 7/1/13 – 6/30/14	FTE Administrator Departures 7/1/13 – 6/30/14
3	1	2

Thank you

Appendix J: Uncertified Teachers

Created Tuesday, July 22, 2014

Page 1

Charter School Name: 331400860809 BROOKLYN CS

Note Definition of FTE:

Full-time equivalent employees equal the number of employees on full-time schedules plus the number of employees on part-time schedules converted to a full-time basis. The number of full-time equivalent employees in each industry is the product of the total number of employees and the ratio of average weekly hours per employee for all employees to average weekly hours per employee on full-time schedules. An industry's full-time equivalent employment will be less than the number of its employees on full- and part-time schedules, unless it has no part-time employees (U.S. Commerce--Bureau of Economic Analysis at: http://www.bea.gov/faq/index.cfm?faq_id=368#sthash.8Rbj89kq.dpuf)

How many UNCERTIFIED Full-Time Equivalent Teachers were employed in the charter school as of last day of school in 2013-14?

For each applicable category (i-iv), input the relevant full time equivalent (FTE) count of teachers.

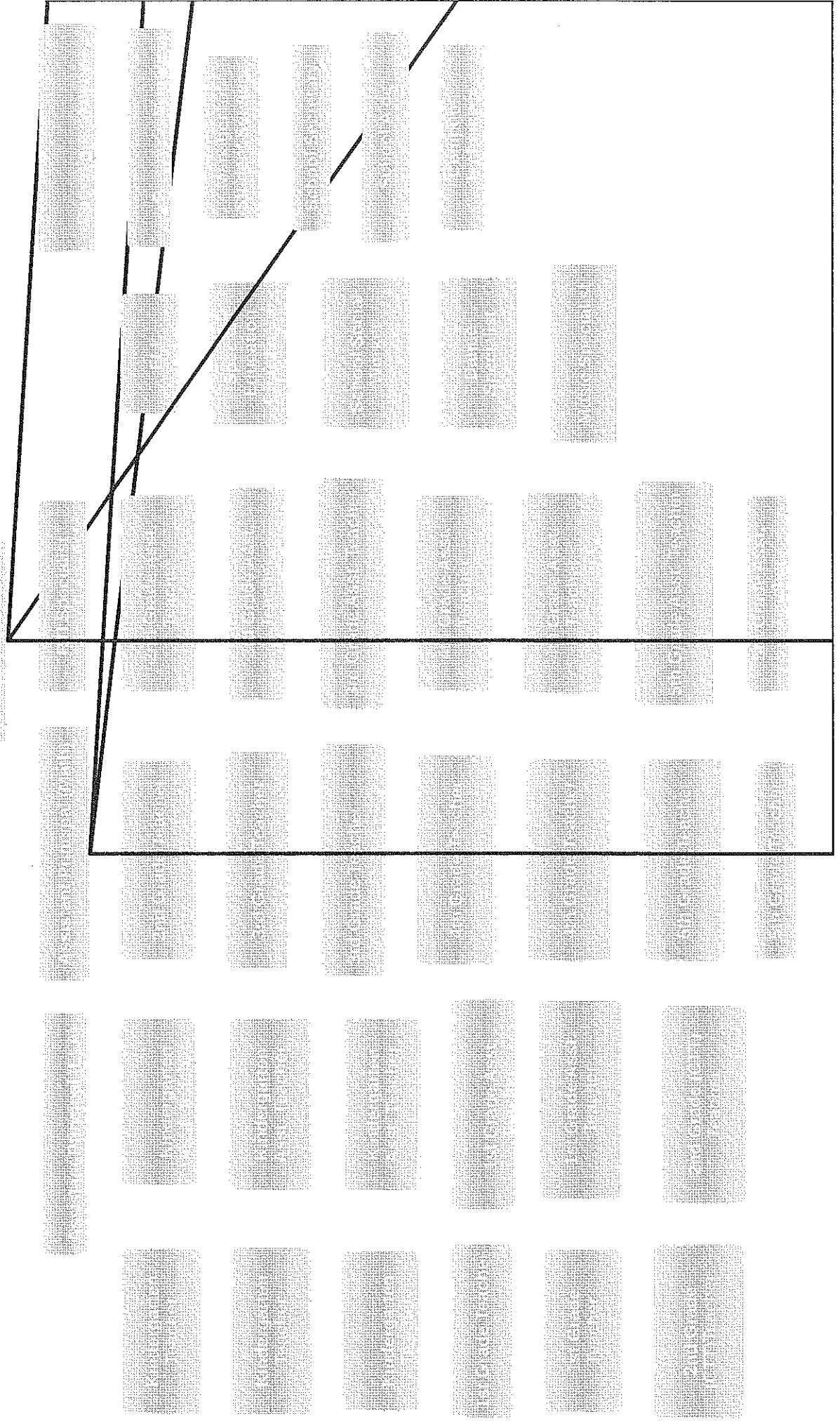
	FTE
(i) uncertified teachers with at least three years of elementary, middle or secondary classroom teaching experience	3
(ii) tenured or tenure track college faculty	0
(iii) individuals with two years satisfactory experience through Teach for America	0
(iv) individuals who possess exceptional business, professional, artistic, athletic, or military experience	2
Total FTE (Sum of all Uncertified Teaching Staff)	5

How many CERTIFIED Full-Time Equivalent Teachers were employed in the charter school as of the last day of school in 2013-14?

25

Thank you.

Brooklyn Charter School Organizational Chart 2014-15





Appendix B: Total Expenditures and Administrative Expenditures per Child

Created: 07/17/2015

Last updated: 07/21/2015

Page 1

Charter School Name: 331400860809 BROOKLYN CS

B. Financial Information

This information is required of ALL charter schools. Provide the following measures of fiscal performance of the charter school in Appendix B (Total Expenditures and Administrative Expenditures Per Child):

1. Total Expenditures Per Child

To calculate 'Total Expenditures per Child' take total expenditures (from the unaudited 2014-15 Schedule of Functional Expenses) and divide by the year end per pupil count. (Integers Only. No dollar signs or commas).

Line 1: Total Expenditures	17666
Line 2: Year End Per Pupil Count	228
Line 3: Divide Line 1 by Line 2	77

2. Administrative Expenditures per Child

To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the unaudited 2014-15 Schedule of Functional Expenses) and divide by the year end per pupil count. The relevant portion that must be included in this calculation is defined as follows:

Administrative Expenditures: Administration and management of the charter school includes the activities and personnel of the offices of the chief school officers, the treasurer, the finance or business offices, the purchasing unit, the employee personnel offices, the records management offices, or a public information and services offices. It also includes those administrative and management services provided by other organizations or corporations on behalf of the charter school for which the charter school pays a fee or other compensation.

Please note the following:

- Do not include the FTE of personnel dedicated to administration of the instructional programs.
- Do not include Employee Benefit costs or expenditures in the above calculations.
- A template for the Schedule of Functional Expenses is provided on page 20 of the 2014-15 Annual Report Guidelines to assist schools identify the categories of expenses needed to compute the two per pupil calculations. This template does not need to be completed or submitted on August 1st as it will be submitted November 1st as part of the audited financial statements. Therefore schools should use unaudited amounts for these per pupil calculations. (See the 2014-15 Annual Report Guidelines in "Resources" area of your portal task page).

To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the 2014-15 Schedule of Functional Expenses) and divide by the year end per pupil count. (Integers Only. No dollar signs or commas).

Line 1: Relevant Personnel Services Cost (Row)	2686039
Line 2: Management and General Cost (Column)	1342026
Line 3: Sum of Line 1 and Line 2	4028065
Line 4: Year End Per Pupil Count	228
Line 5: Divide Line 3 by the Year End Per Pupil Count	17667

Thank you.

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA



**The Brooklyn
Charter School**
BUILDING BRIDGES TO TOMORROW

**Audited Financial Statements In Accordance
With Government Auditing Standards**

June 30, 2015

BROOKLYN CHARTER SCHOOL

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Brooklyn Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of the Brooklyn Charter School ("the School"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

As more fully described in Note 1 to the financial statements, the School is the sole member of another not-for-profit organization, The Wedding Garden, Inc. ("WG"). WG is being accounted for on the equity method of accounting. Accounting principles generally accepted in the United States of America requires the consolidation of this other entity and an elimination of intercompany transactions.

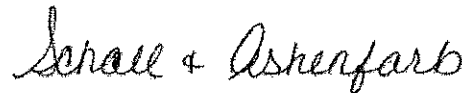
In our opinion, except for the effects of the departure of the accounting principle discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Brooklyn Charter School as of June 30, 2015, and the changes in 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.

Report on Summarized Comparative Information

We have previously audited the School's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 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 dated October 19, 2015 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 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 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.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 19, 2015

BROOKLYN CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2015
(With comparative totals at June 30, 2014)

	<u>6/30/15</u>	<u>6/30/14</u>
Assets		
Cash and cash equivalents	\$202,218	\$124,227
Restricted cash (Note 3)	70,000	70,000
Investments (Note 4)	3,035,696	3,021,363
Grant receivable - New York City (Note 5)	0	88,527
Government grants receivable	11,799	98,714
Contributions receivable	15,000	25,000
Prepaid expenses and other receivables	40,414	56,494
Employee loans receivable (Note 6)	43,886	0
Investment in The Wedding Garden, Inc.	81,267	84,791
Fixed assets, net (Note 7)	71,797	64,596
Total assets	<u>\$3,572,077</u>	<u>\$3,633,712</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$535,327	\$448,416
Advance payable - New York City (Note 5)	10,595	0
Total liabilities	<u>545,922</u>	<u>448,416</u>
Net Assets:		
Unrestricted	2,647,022	2,807,953
Temporarily restricted (Note 8)	12,466	10,676
Permanently restricted (Note 9)	366,667	366,667
Total net assets	<u>3,026,155</u>	<u>3,185,296</u>
Total liabilities and net assets	<u>\$3,572,077</u>	<u>\$3,633,712</u>

*The attached notes and auditors' report
are an integral part of these financial statements.*

BROOKLYN CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(With comparative totals for the year ended June 30, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>6/30/15</u>	<u>6/30/14</u>
Public Support and Revenue:					
Public school district: (Note 5)					
Revenue - resident student enrollment	\$3,195,892			\$3,195,892	\$3,333,567
Revenue - students with special education services	143,733			143,733	112,242
Subtotal public school district	3,339,625	0	0	3,339,625	3,445,809
Government grants	121,645			121,645	126,532
Contributions	75,197			75,197	55,000
In-kind contributions	672,607			672,607	633,200
Interest and dividends	79,768	9,619		89,387	24,358
Other income	38,329			38,329	15,137
Total public support and revenue	<u>4,327,171</u>	<u>9,619</u>	<u>0</u>	<u>4,336,790</u>	<u>4,300,036</u>
Expenses:					
Program services:					
Instructional support	3,609,463			3,609,463	3,471,328
Supporting services:					
Management and general	1,020,267			1,020,267	892,004
Total expenses	<u>4,629,730</u>	<u>0</u>	<u>0</u>	<u>4,629,730</u>	<u>4,363,332</u>
Change in net assets from operations	(302,559)	9,619	0	(292,940)	(63,296)
Non operating activity:					
Increase of investment in The Wedding Garden, Inc. (Note 1)	196,476			196,476	85,608
Net realized and unrealized (losses)/gains on investments	(54,848)	(7,829)		(62,677)	74,132
Change in net assets	(160,931)	1,790	0	(159,141)	96,444
Net assets - beginning of year	<u>2,807,953</u>	<u>10,676</u>	<u>366,667</u>	<u>3,185,296</u>	<u>3,088,852</u>
Net assets - end of year	<u>\$2,647,022</u>	<u>\$12,466</u>	<u>\$366,667</u>	<u>\$3,026,155</u>	<u>\$3,185,296</u>

*The attached notes and auditors' report
are an integral part of these financial statements.*

BROOKLYN CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
(With comparative totals for the year ended June 30, 2014)

	Program Services	Supporting Services		
	Instructional Support	Management and General	Total Expenses 6/30/15	Total Expenses 6/30/14
Salaries	\$2,151,651	\$516,224	\$2,667,875	\$2,426,842
Payroll taxes and employee benefits	479,559	115,056	594,615	613,386
Retirement	61,122	14,664	75,786	87,275
Total personnel costs	2,692,332	645,944	3,338,276	3,127,503
Professional development	59,831		59,831	113,514
Legal		5,000	5,000	0
Professional fees	39,498	59,644	99,142	82,523
Student and staff recruitment		69,939	69,939	53,098
Supplies and materials	55,561		55,561	105,873
Office expense	28,410	6,816	35,226	29,121
Student services	101,645		101,645	65,200
Insurance	43,915	10,536	54,451	63,549
Technology	6,329	1,519	7,848	12,310
Repairs and maintenance	10,831	2,599	13,430	17,021
Occupancy and facility costs - in-kind	542,460	130,147	672,607	633,200
Depreciation	23,415	5,618	29,033	34,110
Bad debt		73,885	73,885	0
Other	5,236	8,620	13,856	26,310
Total other than personnel costs	917,131	374,323	1,291,454	1,235,829
Total expenses	\$3,609,463	\$1,020,267	\$4,629,730	\$4,363,332

*The attached notes and auditors' report
are an integral part of these financial statements.*

**BROOKLYN CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

(With comparative totals for the year ended June 30, 2014)

	<u>6/30/15</u>	<u>6/30/14</u>
Cash Flows from Operating Activities:		
Change in net assets	(\$159,141)	\$96,444
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Realized and unrealized losses/(gains) on investments	62,677	(74,132)
Depreciation expense	29,033	34,110
Increase - investment in The Wedding Garden, Inc.	(196,476)	(85,608)
Changes in assets and liabilities:		
Grant receivable - New York City	88,527	(88,527)
Government grants receivable	86,915	(66,836)
Contributions receivable	10,000	(17,950)
Prepaid expenses and other receivables	16,080	8,667
Employee loans receivable	(43,886)	0
Accounts payable and accrued expenses	86,911	(36,743)
Advance payable - New York City	10,595	(69,629)
Total adjustments	<u>150,376</u>	<u>(396,648)</u>
Net cash used for operating activities	<u>(8,765)</u>	<u>(300,204)</u>
Cash Flows from Investing Activities:		
Purchase of furniture and equipment	(36,234)	(19,199)
Purchase of investments	(498,104)	(3,288,193)
Proceeds from sales of investments	421,094	340,962
Net cash received from The Wedding Garden, Inc.	<u>200,000</u>	<u>106,000</u>
Net cash provided by/(used for) investing activities	<u>86,756</u>	<u>(2,860,430)</u>
Net increase/(decrease) in cash and cash equivalents	77,991	(3,160,634)
Cash and cash equivalents - beginning of year	<u>124,227</u>	<u>3,284,861</u>
Cash and cash equivalents - end of year	<u><u>\$202,218</u></u>	<u><u>\$124,227</u></u>
Supplemental disclosures:		
Interest paid - \$0		
Taxes paid - \$0		

*The attached notes and auditors' report
are an integral part of these financial statements.*

**BROOKLYN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1 - Organization and Nature of Activities

Brooklyn Charter School ("the School"), located in Brooklyn, New York, is a not-for-profit education corporation chartered by the Regents of the University of the State of New York. The School provides a full range of educational services appropriate for grade levels K, 1, 2, 3, 4 and 5. The School completed the 2014-2015 fiscal year with an average enrollment of approximately 232 students. The School is a publicly funded, privately managed school, which is independent of the New York City Department of Education ("NYCDOE").

On June 21, 2011, the Board of Regents of the University of the State of New York, for and on behalf of the State Education Department, extended the provisional charter up through and including June 30, 2016. See Note 11.

The School 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.

The School is the sole member of The Wedding Garden, Inc. ("WG"), an organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. To satisfy requirements of NYCDOE to report financial information on activity of charter school separate from non-operating activity, the School has elected to treat its sole membership as an investment under the equity method, which differs from accounting principles generally accepted in the United States of America ("U.S. GAAP"). Under U.S. GAAP, organizations are required to consolidate financial statements of both entities and to eliminate intercompany transactions.

Note 2 - Significant Accounting Policies

a. Basis of Presentation

The accompanying 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 when received or paid.

The School's net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* – represent those resources for which there are no restrictions by donors as to their use.
- *Temporarily restricted* – represent those resources, the uses of which have been restricted by donors to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. Temporarily restricted contributions and grants, the requirements of which are met in the year of donation, are reported as unrestricted.
- *Permanently restricted* – accounts for activity restricted by donors that must

remain intact in perpetuity.

b. Revenue Recognition

Public school district revenue is recognized based on rates established by the School's funding source and the amount realizable on the accrual basis in the period during which services are provided.

The terms of each government grant are reviewed to determine if they contain traits more closely associated with contributions or exchange transactions. Management has determined that all existing government grants are exchange transactions because they contain traits more similar to contracts for service. The difference between revenue earned and cash received is reflected as grants receivable or advances payable.

Contributions are recorded as revenue at the earlier of the receipt of cash or when pledges are considered unconditional in nature. Contributions are available for unrestricted use, unless specifically restricted by the donor, in which case they are recorded in one of the restricted classes of net assets, depending on the nature of the restriction.

Contributions 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. Conditional contributions are recognized as income when the conditions have been substantially met.

c. Cash and Cash Equivalents

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

d. 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. Realized and unrealized gains and losses are recognized in the statement of activities.

e. Accounts Receivable – Meal Fees

Meal fees are charged to students who do not qualify for free lunch because of certain family income thresholds.

The School reviews receivables and records an allowance for doubtful accounts on those receivables they feel is unlikely to be collected based on historical experience and a review of activity subsequent to the balance sheet date.

f. Fixed Assets

Fixed assets are stated at cost or at the fair value at the date of gift, if donated. The School capitalizes fixed assets in excess of pre-defined amounts that have a useful life of more than one year. Depreciation was computed using the straight-line method over the estimated useful lives of the respective assets, which generally are between 5 and 7 years.

g. Contributed Space

The School's operations are located in a facility provided by NYCDOE at a charge of \$1.00 per annum and utilizes approximately 13,750 square feet. As such, the School has recorded the estimated fair value of this space as revenue and expense in the financial statements.

h. 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.

i. Use of Estimates

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

j. Summarized Comparative 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, 2014, from which the summarized information was derived.

k. Accounting for Uncertainty in Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax returns for periods ending June 30, 2012 and later are subject to examination by applicable taxing authorities.

l. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 19, 2015, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Restricted Cash

An escrow account has been established to meet the requirement of 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 4 - Investments

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 not observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investment balances consist of the following:

June 30, 2015				
Description	Total	Level 1	Level 2	Level 3
Money markets	\$110,451	\$110,451	\$0	\$0
Equity mutual funds	1,205,623	1,205,623	0	0
Fixed income mutual funds	1,359,759	1,359,759		
Alternative investments	359,863	0	0	359,863
Total	<u>\$3,035,696</u>	<u>\$2,675,833</u>	<u>\$0</u>	<u>\$359,863</u>

June 30, 2014				
Description	Total	Level 1	Level 2	Level 3
Money markets	\$54,469	\$54,469	\$0	\$0
Equity mutual funds	1,174,216	1,174,216	0	0
Fixed income mutual funds	1,382,123	1,382,123		
Alternative investments	410,555	0	0	410,555
Total	<u>\$3,021,363</u>	<u>\$2,610,808</u>	<u>\$0</u>	<u>\$410,555</u>

Change to Level 3 investments are as follows:

	6/30/15	6/30/14
Beginning balance	\$410,555	\$0
Investment purchases	70,405	446,584
Investment sales	(109,500)	(38,884)
Realized loss	(48,492)	(37)
Unrealized gain	36,895	2,892
Ending balance	<u>\$359,863</u>	<u>\$410,555</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned.

The valuation of the alternative investments as of June 30, 2015 is reported at fair value utilizing the net asset values provided by fund managers as a practical expedient. While the net asset values utilize significant unobservable inputs (level 3), management reviews and evaluates the values provided by the fund managers and agrees with the valuation methods and assumptions used in determining the fair value.

These methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Note 5 - Grant Receivable/Advance Payable - New York City Department of Education

	<u>6/30/15</u>	<u>6/30/14</u>
Beginning grant receivable/(advance payable)	\$88,527	(\$69,629)
Payments (collected)/recovered	(14,643)	65,464
Write-off	(73,885)	0
Funding based on allowable FTE's	3,339,625	3,445,809
Advances received	<u>(3,350,219)</u>	<u>(3,353,117)</u>
Ending (advance payable)/grant receivable	<u>(\$10,595)</u>	<u>\$88,527</u>

Note 6 - Employee Loans Receivable

In November 2014, the School entered into a loan agreement with an employee for the tuition costs of a math leadership program. The loan balance may be forgiven by the School under certain conditions at various intervals through June 30, 2019. Payments of \$30,290 that were made prior to the date of the loan and were expensed in prior years have been classified as other income.

Note 7 - Fixed Assets

At year-end, fixed assets consisted of the following:

	<u>6/30/15</u>	<u>6/30/14</u>
Furniture and equipment	\$453,438	\$417,204
Less: accumulated depreciation	<u>(381,641)</u>	<u>(352,608)</u>
Furniture and equipment, net	<u>\$71,797</u>	<u>\$64,596</u>

Note 8 - Temporarily Restricted Net Assets

At year-end, temporarily restricted net assets consisted of unappropriated endowment earnings. (See Note 9.)

Note 9 - Permanently Restricted Net Assets

Included in permanently restricted net assets is a contribution from a related entity, Sheltering Arms Children's Service ("SACS"). Pursuant to its plan of dissolution and distribution of assets, which was approved by the Supreme Court of the State of New York, the School was required to establish a permanently restricted endowment.

Interpretation of Relevant Law

The School follows New York Prudent Management of Institutional Funds Act ("NYPMIFA"), which the board of directors has interpreted to require certain amounts be retained permanently. Absent explicit donor stipulations to the contrary, the fair value of the original gift as of the gift date for all donor-restricted endowment funds will be preserved. However,

under certain circumstances, the School has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, the School classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Absent any specific donor-stipulations, the remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the School.

Spending Policies

In accordance with NYPMIFA, the following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the School's mission and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources available;
- (7) The investment policies;
- (8) Where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have.

During the years ended June 30, 2015 and 2014, the board made no appropriations from the endowment.

Endowment Investment Policies

Endowment assets were pooled with investments, until the School adopts an investment policy.

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires to be retained as a fund of perpetual duration. There were no such deficiencies at June 30, 2015 and 2014.

Changes in endowment net assets can be summarized as follows:

June 30, 2015				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$0	\$10,676	\$366,667	\$377,343
Investment income	0	9,619	0	9,619
Net realized/unrealized losses	0	(7,829)	0	(7,829)
Endowment net assets, end of year	<u>\$0</u>	<u>\$12,466</u>	<u>\$366,667</u>	<u>\$379,133</u>

June 30, 2014				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$0	\$0	\$366,667	\$366,667
Investment income	0	2,681	0	2,681
Net realized/unrealized gains	0	7,995	0	7,995
Endowment net assets, end of year	<u>\$0</u>	<u>\$10,676</u>	<u>\$366,667</u>	<u>\$377,343</u>

Note 10 - Retirement Plan

The School sponsors a 401(k) profit sharing plan. Employees at least 21 years old are eligible to participate. The School's contributions are determined annually, on a discretionary basis, which was 4% through the years ended June 2015 and 2014. The total amount of employer contributions for 2015 and 2014 totaled \$75,786 and \$87,275, respectively.

Note 11 - Commitments and Contingencies

On July 1, 2005, the School and NYCDOE signed a facility shared use agreement for the use of certain dedicated space within a New York City public school. The agreement has been renewed on a year-to-year basis. NYCDOE provides various operating services to the School including utilities, custodial and maintenance services, and charges a user fee of \$1.00 per annum. See Note 2g for contributed space disclosure.

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.

In the normal course of business, the School is involved in proceedings, lawsuits and other claims. 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, 2015 cannot be ascertained. Management believes that the final outcome of these matters will not have a material impact on the financial statements of the School.

Note 12 - Significant Concentrations

Financial instruments which potentially subject the School to concentration of credit risk consist of cash, money market accounts and investment securities. The School places its temporary cash and money market accounts with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At year-end, there were no significant uninsured balances. 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.

The School is dependent upon grants from NYCDOE to carry out its operations. The School's total public support and revenue of 92% and 94%, excluding in-kind contributions, was realized from NYCDOE for the years ended June 30, 2015 and 2014, respectively.

Note 13 - Subsequent Events/School Charter Renewal

The School's current charter with NYCDOE runs through June 30, 2016. NYCDOE placed certain academic/charter goals that would be evaluated in order to have the charter renewed beyond June 30, 2016.

Subsequent to year-end, NYCDOE released the test scores for the School. NYCDOE reported to the School that for the 2014-2015 school year, the School did not meet any of the benchmarks for conditions of its renewal. The School's academic/charter performance during the 2015-2016 school year will also be evaluated by NYCDOE in determining its charter renewal. Non-renewal of the School's charter would have adverse effects on the ability of the School to sustain operations beyond June 30, 2016.



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

To the Board of Trustees of
Brooklyn Charter School

Report on the Financial Statements

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 the Brooklyn Charter School ("the School"), which comprise the statement of financial position as of June 30, 2015, 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 19, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as findings 15-001 and 15-002 that we consider significant deficiencies.

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Compliance and Other Matters

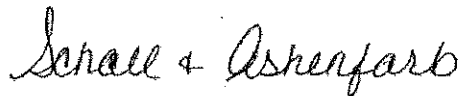
As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Management's Response to Findings

The School's responses to the findings are reported in the Schedule of Findings and Responses. The response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 19, 2015

**BROOKLYN CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015**

Current Year:

15-001 - Audit Adjustments

Criteria: The School is required to make all adjustments for the books to be in accordance with U.S. generally accepted accounting principles (GAAP).

Condition: Several adjustments were required, the magnitude of which indicates the books were not in accordance with GAAP.

Cause: Lack of formal procedures for closing out books.

Effect: Audit adjustments were required for preparation of GAAP statements.

Recommendation: The finance director should make all GAAP based adjustments prior to the commencement of the audit.

Management Response: See management corrective action plan attached.

15-002 - Reconciliation of Payroll Tax Information to the Books

Criteria: Payroll taxes get filed quarterly. Nobody at the School reconciled the amount reported to the amounts recorded in the books.

Condition: Salary expense per the books was higher than the amount reported on the payroll tax returns by approximately \$32,000.

Cause: Lack of formal procedures for reconciling payroll between books and taxes filed.

Effect: Amounts reported on books did not agree to amount reported to tax authorities.

Recommendation: The finance director should perform quarterly reconciliations of payroll taxes filed to books and investigate any differences and make any adjustments where appropriate.

Management Response: See management corrective action plan attached.

Prior Year Follow-Up:

14-1 - Per Pupil Billing

Follow-up during June 30, 2015: This matter was resolved.



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Omigbade Escayg
Head of School/Director

Mary Kate Boesch
Assistant Principal

Karma Suttles
Assistant Principal

**FINANCIAL STATEMENTS AND
SCHEDULE OF FINDINGS AND RESPONSES
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
JUNE 30, 2015**

APPENDIX A - CORRECTIVE ACTION PLAN

15-001 - Audit Adjustments

Management has instituted new controls so that the business manager will make the necessary adjustments to the books prior to the start of the audit.

15-002 - Reconciliation of Payroll Tax Information to the Books

Management has switched its payroll processing back to the payroll service company used in prior years. In addition, management has instituted new controls. The business manager will review the payroll with the operations manager to ensure that payroll has been properly reported to the payroll service company. The business manager will perform quarterly reconciliations of the payroll taxes filed to the books and investigate any differences and make any adjustments where appropriate.



SCHALL & ASHENFARB

Certified Public Accountants, LLC

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

Communication with Those Charged with Governance

To Board of Trustees of
Brooklyn Charter School

We have audited the financial statements of Brooklyn Charter School ("the School") for the year ended June 30, 2015, and have issued our report thereon dated October 19, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated May 18, 2015, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope of Audit

We performed our audit according to the plan previously communicated to you in our engagement letter and subsequent pre-audit communication meeting.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School are described in Note 2 to the financial statements. In fiscal year 2008, the School became the sole member of the Wedding Garden, Inc. As such, accounting principles generally accepted in the United States of America (GAAP) require the consolidation of this other entity and an elimination of intercompany transactions. Because you informed us that the NYS Education Department did not want to review consolidated financial statements from the School, this transaction was accounted for under the equity method. A qualification to our report was required to disclose the GAAP departure.

There were no new accounting policies adopted during the year under audit nor were there any changes to the application of existing policies during the year. Except for the matter discussed above regarding the Wedding Garden we noted no other transactions entered into by the School during the year that was unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

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There is one new matter that we would like to bring to your attention. A loan was established for tuition payments for a teacher that had been expensed in prior years in the amount of \$30,290 plus payments in the current year of \$13,596. Although these loans may be forgiven in future periods based on possible contingent events, a loan receivable was recorded as of June 30, 2015. As amounts are forgiven, the loan receivable will be reduced accordingly. Included in current year income (as other income), were the payments of \$30,290 that related to the prior year.

In addition, subsequent to June 30, 2015, the School has applied for a charter renewal. The last renewal extended the charter to June 30, 2016. The notes to the financial statements reflect subsequent to year end, the NYCDOE reported that the School did not meet any of its benchmarks or conditions for renewal based on the test scores for the 2014-2015 school year. While the School believes its charter will be renewed, the School will be notified sometime in January – February 2016 on this decision. **The possibility exists that the School's charter may not be renewed which means that the School would close at June 30, 2016.**

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates used in preparing the financial statements was for in-kind rent, the allocation of expenses into program, management and fundraising categories, fair value of investments and obtaining a value for the Wedding Garden under the equity method.

We evaluated the key factors and assumptions used to develop the above estimate in determining that it was reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent and clear.

Significant Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. See exhibit C for a listing of all adjustments agreed to by management and include i the financial statements.

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures.

There were no un-booked adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the auditors. There were no specific matters of this nature discussed prior to our retention.

Difficulties Encountered in Performing the Audit

There were no significant difficulties encountered in performing the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Industry updates

There are several new regulations that impact the nonprofit sector that we want you to be aware of. Some relate to changes that should be implemented as soon as possible and others that are still in the draft stage. To summarize:

Uniform Guidance on Federal Awards is in effect for 2015

In late December 2013, the U.S. Office of Management and Budget (OMB) took a major step to issuing its long awaited final grant reform rules in a document entitled Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Final regulations were posted in the Federal Register on December 26, 2013. Many changes were made to cost principles and **they are effective for new federal awards issued in 2015**. The changes to the audit requirements are effective for those entities with a year end of December 31, 2015 and later. It is possible that nonprofit organizations can have grants that follow the older rules and the newer rules, in the same fiscal year. That makes understanding the new rules that much more important. The following describes some of the key areas of change:

Streamlining of Related Circulars and Guidance

The eight existing OMB Circulars have been combined into one document including Circular A-133 and the various Cost Principles. Additionally, the cost principles have been incorporated into a single document with limited variations by type of entity. This new document supersedes the following OMB Circulars:

- A-21, Cost Principles for Educational Institutions
- A-87, Cost Principles for State, Local, and Indian Tribal Governments
- A-89, Federal Domestic Assistance Program Information
- A-102, Awards and Cooperative Agreements with State and Local Governments

- A-110, Uniform Administrative Requirements for Awards and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- A-122, Cost Principles for Non-Profit Organizations
- A-133, Audits of States, Local Governments and Non-Profit Organizations
- It will also supersede those sections of A-50, Audit Follow-Up, related to Single Audits

Procurement

We are finding this to be the most difficult and time consuming new process to implement. That is because the guidance on procurement is more consistent with the older regulations that applied to states and local governments rather than nonprofit organizations. Therefore, major changes have been made to how nonprofits procure goods and services:

There are several new methods that must be followed:

- Micro purchases which applies to goods and services less than \$3,000 and does not require competitive quotes but does require attempts at equitable distribution to avoid all purchases from the same vendor.
- Small purchases which apply to goods and services below the Simplified Acquisition Threshold (\$150,000) and requires multiple rate quotes from qualified sources.
- Sealed bids when services are above the \$150,000 level and which are most applicable for construction.
- Competitive proposals to be used when sealed bids are not practical.

Documentation which includes the detail of the purchase transaction must be maintained that includes support of the procurement method used and the basis of the award and price.

Indirect Costs

A *de minimus* 10% rate is allowed for those organizations that do not have a negotiated rate with the federal government or cognizant agency. This applies to sub-recipients as well.

Time and Effort Reporting

A number of changes are included in the documents which provides for more flexibility for entities in how they document time and effort. The key is having a strong system of internal control to capture how employees perform tasks related to grants on an after-the fact basis. Budgets are still not permitted, although guidance has loosened to allow interim costs to be charged based on budgets if it is representative of best estimates and can be adjusted to reflect actual results periodically. Current systems that meet the old requirements of OMB Circular A-122 (timesheets) will still be permitted.

Auditors will make note of the following changes to the single audit:

Single Audit Threshold for Audit Increased to \$750,000

Entities that expend less than \$750,000 in federal awards would not be required to undergo a single audit. This would represent an increase from the current \$500,000 threshold for single audits which was established in 2003. Any entity that falls below the \$750,000 threshold must make records available for review or audit by appropriate officials of the Federal agency, pass-through entity, and the Government Accountability Office.

For more information on this, please view an archived version of a webinar that we did on this topic that is saved on our website.

FASB issues exposure draft

The Financial Accounting Standards Board (FASB) has issued an exposure draft that is being touted as a once in a generation project. This statement, once passed, will have a major impact on the display of financial statements for all nonprofit organizations. As with all new FASB statements, this is still in the public comment period and there will be changes to the final regulation, however the following summary represents some of the objectives of the new regulations:

- The streamlining of net assets classes to two; net assets that contain donor restrictions and net assets that do not contain donor restrictions. This will have a major impact on organizations with endowments as the financial statements will no longer have a permanently restricted class of net assets. There will also be a change to how underwater endowments will be treated.
- Making financial statements more comparable between different entities, a defined measure of operations will become standard.
- Disclosures on liquidity will become more prominent, which will include allowing management to self define what they consider to be assets available for expenditure.
- The direct method of reporting cash flows will be required to enhance the understanding and usability of this statement. This should help the reader by having the statement of cash flows be more intuitive and provide more transparency on liquidity.
- Creating a 4 step process to help determine when revenue should be recognized that is based on the deliverable of goods and services. This would apply to membership, tuition, program fees, but would exclude contributions.

We will keep you notified of when these new changes become finalized.

Internal Controls - COSO Updates Integrated Framework

This new framework, which is recognized as the leading guidance for designing, implementing, and conducting a system of internal control, was updated to ensure its continued relevance. Nonprofits should begin utilizing the new framework in evaluating the effectiveness of its internal controls because this is an area their auditors will be focusing on.

Board Governance

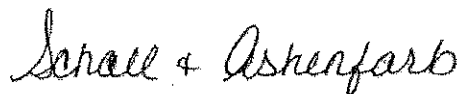
- Overhead Myth - The three major watchdog groups have put out a call to action for donors to focus more on what a charity has done to meet its mission as opposed to how much money it spends on programmatic activity. We are seeing a shift of donations that are tied to achievement of milestones as opposed to funding general, non-specific areas.
- Nonprofit Revitalization Act - Became effective in 2014 and put what had previously been considered best practice into the nonprofit corporate law. The primary areas impact conflicts of interest (having policies that outline how a charity should review and approve transactions with board members, officers, their families and businesses and making sure that these transactions are in the best interest of the charity), monitoring of the independent audit,

including establishing an audit committee of members of the board of directors (or having the full board of directors itself) that meet with the independent auditors regularly, establish whistleblower policies to provide employees with a method to report to the board any suspected fraud within the organization, and other administrative matters.

Independence Issues

Schall & Ashenfarb, CPA's, LLC is not aware of any relationships that our firm, or any employees thereof, has with the School or any of its board members that, in our professional judgment may impair our independence.

This information is intended solely for the use of the Board of Trustees of the Brooklyn Charter School.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 19, 2015

EXHIBIT 1



SCHALL Certified Public Accountants, LLC
& ASHENFARB

IRA L. SCHALL, CEA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

May 18, 2015

Mr. Michael Catlyn, Member of Board of Directors
And To Those Charged With Governance
The Brooklyn Charter School
545 Willoughby Avenue
Brooklyn, NY 11206

Dear Mr. Catlyn:

We are pleased to confirm our understanding of the services we are to provide for The Brooklyn Charter School for the year ended June 30, 2015.

We will audit the statement of financial position of The Brooklyn Charter School as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended and the notes to the financial statements.

Audit Objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that The Brooklyn Charter School is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing

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EXHIBIT 1

standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee the financial statement preparation and tax services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U. S. generally accepted accounting principles. **Management is responsible** for the basic financial statements and all accompanying information as well as all representations contained therein. **A partner will present the results of our audit to your audit committee or your board of directors (in person or by teleconference).**

Management is responsible for management decisions and functions. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. **Management is also responsible** for providing us with (1) access to all information of which you are aware that is relevant to the preparation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence. **Management's responsibilities include** adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

If you use a financial consultant to review your books, prepare journal entries or prepare financial statements we will request certain representation from them as well. **Because of the importance of management's representations to an effective audit, failure of management or their financial consultants to provide representations to us in the form of a representation letter will cause our auditors opinion to be a "disclaimer" for a scope limitation.**

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. **Your responsibilities include** informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, **you are responsible** for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants and

EXHIBIT 1

for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishment and maintenance for tracking the status of audit findings and recommendations. **Management is also responsible** for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. **The Organization is also responsible for providing** management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to The Brooklyn Charter School or to acts by management or employees acting on behalf of The Brooklyn Charter School. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we **will not perform a detailed examination of all transactions**, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors' is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected funding sources, creditors, and financial institutions. We will also request written representations from The Brooklyn Charter School's attorneys as part of the engagement, and they may bill The Brooklyn Charter School for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

EXHIBIT 1

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of The Brooklyn Charter School's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting your Organization. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend your board of directors' meetings.

In addition to the audit services described above, you have requested that we provide the following non-attest services:

We will assist the Organization in preparing the financial statements and related footnote disclosures based on information in the trial balance and other information that comes to our attention during the course of the our engagement. It is critical that you have an understanding and agree with all information in the financial statements, since they are the entity's, and not the auditors'. We agree to review the financial statements with management in sufficient detail to enable you to gain this required understanding and agreement.

We will prepare the tax returns as outlined separately below.

Audit Administration and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing. Certain financial

EXHIBIT 1

institutions may charge us for this and the cost will be passed on to you. We will send a template in Word format for use with confirmation requests.

David Ashenfarb is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign it. Please contact us to discuss a date that we can begin the audit and outline a plan for delivery of draft and final documents to you. Our audit engagement ends on delivery of financial reports; however, we are still available for routine conversations without charge until either party has officially terminated the relationship. Any follow-up services that might be required will be considered a new engagement.

We will provide copies of our reports to you; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Schall & Ashenfarb, CPAs, LLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to your funding source or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Schall & Ashenfarb's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the Government Regulator. The Regulator may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Government Regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

E-mail Communication

In connection with this engagement, we may communicate with you or others via e-mail. As e-mails can be intercepted, disclosed, used, and/or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed, we cannot ensure that e-mails from us will be properly delivered and read only by the addressee. Therefore, we disclaim and waive any liability for interception or unintentional disclosure of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage arising from the use of e-mail, including any punitive, consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure of confidential information.

Posting of Audit Report and Financial Statements on Your Web Site

You agree that, if you plan to post an electronic version of the financial statements and audit report on your Web site, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your Web site and the signed version of the financial statements and audit reports provided to management by us. You also agree to indemnify

EXHIBIT 1

us from any and all claims that may arise from any differences between the electronic and signed copies.

Taxes

As part of our engagement, we will also prepare the federal information return (Form 990). In order to prepare complete and accurate returns, we will require you to provide certain information about board governance policies, which may also include, but not be limited to, providing salary amounts for employees greater than \$100,000, contractors for professional services in excess of the same amount, names, addresses and dollar amounts of large contributors in excess of certain calculated amounts and other matters that are not generally covered during the audit. If the information is not provided to us timely, you will not hold us responsible for any penalties incurred for incomplete information.

We will send you an authorization form so that we can file your federal taxes electronically. If we do not receive the form back, or you prefer not to file electronically, we will send you hard copies to file. We will also send you electronic copies for your records unless we receive a specific request for hard copies.

Fee

Our fee will remain at \$19,500. At the completion of the audit, we will provide electronic versions of the audited financial statements, management letter (if applicable) and communications with those charged with governance and 10 copies of the final report without charge. Any additional copies will cost \$5 per report. If applicable, we will charge you other out of pocket costs such as postage for confirmations, fees incurred for certain electronic bank confirmations and setting up conference calls through our phone center, etc. Our fee will be billed monthly and is payable upon receipt. Invoices that are unpaid 30 days past the invoice date are deemed delinquent and we reserve the right to charge interest at 1% per month (not to exceed the maximum amount permitted by law.) In the event any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our costs of collection, including without limitation attorney's fees.

A payment is required upon the signing of this letter in the amount of \$4,500. If we terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

If the School receives CSP funding, the grantor may require a separate "agreed upon procedures report". The terms of this engagement do not include additional services required to prepare a separate agreed upon procedures report. If such services are required, a separate agreement outlining the scope of work and related fees will be made at that time.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to your Organization in the performance of our services. Any discussions that you have with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

EXHIBIT 1

In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of your Organization. However, we will provide advice and recommendations to assist management of the Organization in performing its functions and fulfilling its responsibilities.

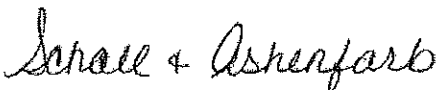
We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The Organization must make all decisions with regard to our recommendations. By signing this Agreement, you acknowledge your acceptance of these responsibilities.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review report accompanies this letter.

We have attached a brief questionnaire that will help us plan the timing of the engagement to ensure you receive documents in your desired time frame. Please take a moment to fill that out.

We appreciate the opportunity to be of service to The Brooklyn Charter School and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us along with the questionnaire referred to above.

Very truly yours,



Schall & Ashenfarb
Certified Public Accountants, LLC

EXHIBIT 1

RESPONSE:

This letter correctly sets forth the understanding of The Brooklyn Charter School for the year ended June 30, 2015.

Michael A. [Signature]
Officer signature

VICE CHAIR BOT
Title

6/10/2015
Date

EXHIBIT 1

Lilling & Company LLP

Certified Public Accountants

System Review Report

March 10, 2014

To the Partners of Schall & Ashenfarb CPAs, LLC and the Peer Review Committee of the New York Society of CPAs

We have reviewed the system of quality control for the auditing practice of Schall & Ashenfarb CPAs, LLC (the firm) in effect for the year ended August 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and an audit of an employee benefit plan.

In our opinion, the system of quality control for the auditing practice of Schall & Ashenfarb CPAs, LLC in effect for the year ended August 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Schall & Ashenfarb CPAs, LLC has received a peer review rating of *pass*.


LILLING & COMPANY LLP



EXHIBIT 2

545 Willoughby Avenue, 3rd Fl. Brooklyn, NY 11206 (718)302-2085 FAX (718)302-2426

Omigbade Escayg
Head of School/Director

Mary Kate Boesch
Assistant Principal

Karma Suttles
Assistant Principal

October 19, 2015

Schall&Ashenfarb, CPA's, LLC
307 Fifth Avenue, 15th Floor
New York, NY 10016

This representation letter is provided in connection with your audit of the financial statements of Brooklyn Charter School, which comprise the statements of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 19, 2015, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 18, 2015, including our responsibility for the preparation and fair presentation of the financial statements.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable. This specifically includes the methodology for the statement of functional expenses.

EXHIBIT 2

6. There have been no related party relationships or transactions that are required to be accounted for or disclosed in accordance with the requirements of U.S. GAAP.
7. There are no events subsequent to the date of the financial statements which requires adjustment to or disclosure in the financial statements to be in accordance with the requirements of U.S. GAAP.
8. There were no uncorrected misstatements that are immaterial, both individually and in the aggregate, to the financial statements as a whole.
9. There were no known actual or possible litigation, claims, and assessments required to be accounted for and disclosed in accordance with U.S. GAAP.
10. There was one material concentration required to be disclosed in accordance with U.S. GAAP related to the New York City Department of Education funding.
11. There were no guarantees, either written or oral, under which the organization is contingently liable, that are required to be recorded or disclosed in accordance with U.S. GAAP.

Non Attest Services

In regard to the non-attest services provided by you, we have:

1. Assumed all management responsibilities.
2. Designated an individual with suitable skill, knowledge, or experience to oversee the services.
3. Evaluated the adequacy and results of the services performed.
4. Accepted responsibility for the results of the services.

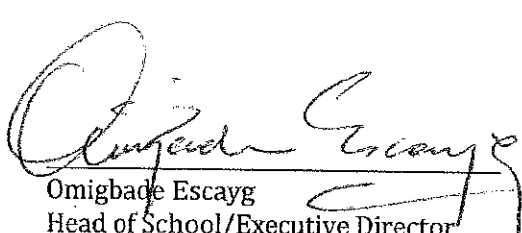
As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

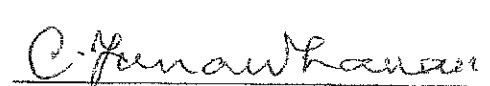
Information Provided

1. We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

EXHIBIT 2

4. We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
7. We are not aware of any pending or threatening litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.
8. We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
9. The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
10. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
11. Brooklyn Charter School is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you and appropriately reported. All required filings with tax authorities are up-to-date.


Omigbade Escayg
Head of School/Executive Director


Colathur Janardhanan
Business Manager



IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

Communication with Those Charged with Governance

To Board of Trustees of
Brooklyn Charter School

We have audited the financial statements of Brooklyn Charter School ("the School") for the year ended June 30, 2015, and have issued our report thereon dated October 19, 2015. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated May 18, 2015, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope of Audit

We performed our audit according to the plan previously communicated to you in our engagement letter and subsequent pre-audit communication meeting.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School are described in Note 2 to the financial statements. In fiscal year 2008, the School became the sole member of the Wedding Garden, Inc. As such, accounting principles generally accepted in the United States of America (GAAP) require the consolidation of this other entity and an elimination of intercompany transactions. Because you informed us that the NYS Education Department did not want to review consolidated financial statements from the School, this transaction was accounted for under the equity method. A qualification to our report was required to disclose the GAAP departure.

There were no new accounting policies adopted during the year under audit nor were there any changes to the application of existing policies during the year. Except for the matter discussed above regarding the Wedding Garden we noted no other transactions entered into by the School during the year that was unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

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There is one new matter that we would like to bring to your attention. A loan was established for tuition payments for a teacher that had been expensed in prior years in the amount of \$30,290 plus payments in the current year of \$13,596. Although these loans may be forgiven in future periods based on possible contingent events, a loan receivable was recorded as of June 30, 2015. As amounts are forgiven, the loan receivable will be reduced accordingly. Included in current year income (as other income), were the payments of \$30,290 that related to the prior year.

In addition, subsequent to June 30, 2015, the School has applied for a charter renewal. The last renewal extended the charter to June 30, 2016. The notes to the financial statements reflect subsequent to year end, the NYCDOE reported that the School did not meet any of its benchmarks or conditions for renewal based on the test scores for the 2014-2015 school year. While the School believes its charter will be renewed, the School will be notified sometime in January – February 2016 on this decision. **The possibility exists that the School's charter may not be renewed which means that the School would close at June 30, 2016.**

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates used in preparing the financial statements was for in-kind rent, the allocation of expenses into program, management and fundraising categories, fair value of investments and obtaining a value for the Wedding Garden under the equity method.

We evaluated the key factors and assumptions used to develop the above estimate in determining that it was reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent and clear.

Significant Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. See exhibit C for a listing of all adjustments agreed to by management and include i the financial statements.

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures.

There were no un-booked adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the auditors. There were no specific matters of this nature discussed prior to our retention.

Difficulties Encountered in Performing the Audit

There were no significant difficulties encountered in performing the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Industry updates

There are several new regulations that impact the nonprofit sector that we want you to be aware of. Some relate to changes that should be implemented as soon as possible and others that are still in the draft stage. To summarize:

Uniform Guidance on Federal Awards is in effect for 2015

In late December 2013, the U.S. Office of Management and Budget (OMB) took a major step to issuing its long awaited final grant reform rules in a document entitled Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Final regulations were posted in the Federal Register on December 26, 2013. Many changes were made to cost principles and **they are effective for new federal awards issued in 2015**. The changes to the audit requirements are effective for those entities with a year end of December 31, 2015 and later. It is possible that nonprofit organizations can have grants that follow the older rules and the newer rules, in the same fiscal year. That makes understanding the new rules that much more important. The following describes some of the key areas of change:

Streamlining of Related Circulars and Guidance

The eight existing OMB Circulars have been combined into one document including Circular A-133 and the various Cost Principles. Additionally, the cost principles have been incorporated into a single document with limited variations by type of entity. This new document supersedes the following OMB Circulars:

- A-21, Cost Principles for Educational Institutions
- A-87, Cost Principles for State, Local, and Indian Tribal Governments
- A-89, Federal Domestic Assistance Program Information
- A-102, Awards and Cooperative Agreements with State and Local Governments

- A-110, Uniform Administrative Requirements for Awards and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- A-122, Cost Principles for Non-Profit Organizations
- A-133, Audits of States, Local Governments and Non-Profit Organizations
- It will also supersede those sections of A-50, Audit Follow-Up, related to Single Audits

Procurement

We are finding this to be the most difficult and time consuming new process to implement. That is because the guidance on procurement is more consistent with the older regulations that applied to states and local governments rather than nonprofit organizations. Therefore, major changes have been made to how nonprofits procure goods and services:

There are several new methods that must be followed:

- Micro purchases which applies to goods and services less than \$3,000 and does not require competitive quotes but does require attempts at equitable distribution to avoid all purchases from the same vendor.
- Small purchases which apply to goods and services below the Simplified Acquisition Threshold (\$150,000) and requires multiple rate quotes from qualified sources.
- Sealed bids when services are above the \$150,000 level and which are most applicable for construction.
- Competitive proposals to be used when sealed bids are not practical.

Documentation which includes the detail of the purchase transaction must be maintained that includes support of the procurement method used and the basis of the award and price.

Indirect Costs

A *de minimis* 10% rate is allowed for those organizations that do not have a negotiated rate with the federal government or cognizant agency. This applies to sub-recipients as well.

Time and Effort Reporting

A number of changes are included in the documents which provides for more flexibility for entities in how they document time and effort. The key is having a strong system of internal control to capture how employees perform tasks related to grants on an after-the fact basis. Budgets are still not permitted, although guidance has loosened to allow interim costs to be charged based on budgets if it is representative of best estimates and can be adjusted to reflect actual results periodically. Current systems that meet the old requirements of OMB Circular A-122 (timesheets) will still be permitted.

Auditors will make note of the following changes to the single audit:

Single Audit Threshold for Audit Increased to \$750,000

Entities that expend less than \$750,000 in federal awards would not be required to undergo a single audit. This would represent an increase from the current \$500,000 threshold for single audits which was established in 2003. Any entity that falls below the \$750,000 threshold must make records available for review or audit by appropriate officials of the Federal agency, pass-through entity, and the Government Accountability Office.

For more information on this, please view an archived version of a webinar that we did on this topic that is saved on our website.

FASB issues exposure draft

The Financial Accounting Standards Board (FASB) has issued an exposure draft that is being touted as a once in a generation project. This statement, once passed, will have a major impact on the display of financial statements for all nonprofit organizations. As with all new FASB statements, this is still in the public comment period and there will be changes to the final regulation, however the following summary represents some of the objectives of the new regulations:

- The streamlining of net assets classes to two; net assets that contain donor restrictions and net assets that do not contain donor restrictions. This will have a major impact on organizations with endowments as the financial statements will no longer have a permanently restricted class of net assets. There will also be a change to how underwater endowments will be treated.
- Making financial statements more comparable between different entities, a defined measure of operations will become standard.
- Disclosures on liquidity will become more prominent, which will include allowing management to self define what they consider to be assets available for expenditure.
- The direct method of reporting cash flows will be required to enhance the understanding and usability of this statement. This should help the reader by having the statement of cash flows be more intuitive and provide more transparency on liquidity.
- Creating a 4 step process to help determine when revenue should be recognized that is based on the deliverable of goods and services. This would apply to membership, tuition, program fees, but would exclude contributions.

We will keep you notified of when these new changes become finalized.

Internal Controls - COSO Updates Integrated Framework

This new framework, which is recognized as the leading guidance for designing, implementing, and conducting a system of internal control, was updated to ensure its continued relevance. Nonprofits should begin utilizing the new framework in evaluating the effectiveness of its internal controls because this is an area their auditors will be focusing on.

Board Governance

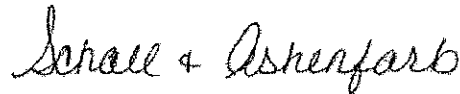
- Overhead Myth - The three major watchdog groups have put out a call to action for donors to focus more on what a charity has done to meet its mission as opposed to how much money it spends on programmatic activity. We are seeing a shift of donations that are tied to achievement of milestones as opposed to funding general, non-specific areas.
- Nonprofit Revitalization Act - Became effective in 2014 and put what had previously been considered best practice into the nonprofit corporate law. The primary areas impact conflicts of interest (having policies that outline how a charity should review and approve transactions with board members, officers, their families and businesses and making sure that these transactions are in the best interest of the charity), monitoring of the independent audit,

including establishing an audit committee of members of the board of directors (or having the full board of directors itself) that meet with the independent auditors regularly, establish whistleblower policies to provide employees with a method to report to the board any suspected fraud within the organization, and other administrative matters.

Independence Issues

Schall & Ashenfarb, CPA's, LLC is not aware of any relationships that our firm, or any employees thereof, has with the School or any of its board members that, in our professional judgment may impair our independence.

This information is intended solely for the use of the Board of Trustees of the Brooklyn Charter School.

A handwritten signature in cursive script that reads "Schall & Ashenfarb".

Schall & Ashenfarb
Certified Public Accountants, LLC

October 19, 2015

EXHIBIT 1



SCHALL Certified Public Accountants LLC
& ASHENFARB

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

May 18, 2015

Mr. Michael Catlyn, Member of Board of Directors
And To Those Charged With Governance
The Brooklyn Charter School
545 Willoughby Avenue
Brooklyn, NY 11206

Dear Mr. Catlyn:

We are pleased to confirm our understanding of the services we are to provide for The Brooklyn Charter School for the year ended June 30, 2015.

We will audit the statement of financial position of The Brooklyn Charter School as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended and the notes to the financial statements.

Audit Objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that The Brooklyn Charter School is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing

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standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee the financial statement preparation and tax services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U. S. generally accepted accounting principles. **Management is responsible** for the basic financial statements and all accompanying information as well as all representations contained therein. **A partner will present the results of our audit to your audit committee or your board of directors (in person or by teleconference).**

Management is responsible for management decisions and functions. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. **Management is also responsible** for providing us with (1) access to all information of which you are aware that is relevant to the preparation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence. **Management's responsibilities include** adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

If you use a financial consultant to review your books, prepare journal entries or prepare financial statements we will request certain representation from them as well. **Because of the importance of management's representations to an effective audit, failure of management or their financial consultants to provide representations to us in the form of a representation letter will cause our auditors opinion to be a "disclaimer" for a scope limitation.**

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. **Your responsibilities include** informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, **you are responsible** for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants and

EXHIBIT 1

for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishment and maintenance for tracking the status of audit findings and recommendations. **Management is also responsible** for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. **The Organization is also responsible for providing** management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to The Brooklyn Charter School or to acts by management or employees acting on behalf of The Brooklyn Charter School. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance and because **we will not perform a detailed examination of all transactions**, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors' is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected funding sources, creditors, and financial institutions. We will also request written representations from The Brooklyn Charter School's attorneys as part of the engagement, and they may bill The Brooklyn Charter School for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

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Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of The Brooklyn Charter School's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting your Organization. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend your board of directors' meetings.

In addition to the audit services described above, you have requested that we provide the following non-attest services:

We will assist the Organization in preparing the financial statements and related footnote disclosures based on information in the trial balance and other information that comes to our attention during the course of the our engagement. It is critical that you have an understanding and agree with all information in the financial statements, since they are the entity's, and not the auditors'. We agree to review the financial statements with management in sufficient detail to enable you to gain this required understanding and agreement.

We will prepare the tax returns as outlined separately below.

Audit Administration and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing. Certain financial

EXHIBIT 1

institutions may charge us for this and the cost will be passed on to you. We will send a template in Word format for use with confirmation requests.

David Ashenfarb is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign it. Please contact us to discuss a date that we can begin the audit and outline a plan for delivery of draft and final documents to you. Our audit engagement ends on delivery of financial reports; however, we are still available for routine conversations without charge until either party has officially terminated the relationship. Any follow-up services that might be required will be considered a new engagement.

We will provide copies of our reports to you; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Schall & Ashenfarb, CPAs, LLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to your funding source or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Schall & Ashenfarb's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the Government Regulator. The Regulator may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Government Regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

E-mail Communication

In connection with this engagement, we may communicate with you or others via e-mail. As e-mails can be intercepted, disclosed, used, and/or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed, we cannot ensure that e-mails from us will be properly delivered and read only by the addressee. Therefore, we disclaim and waive any liability for interception or unintentional disclosure of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage arising from the use of e-mail, including any punitive, consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure of confidential information.

Posting of Audit Report and Financial Statements on Your Web Site

You agree that, if you plan to post an electronic version of the financial statements and audit report on your Web site, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your Web site and the signed version of the financial statements and audit reports provided to management by us. You also agree to indemnify

EXHIBIT 1

us from any and all claims that may arise from any differences between the electronic and signed copies.

Taxes

As part of our engagement, we will also prepare the federal information return (Form 990). In order to prepare complete and accurate returns, we will require you to provide certain information about board governance policies, which may also include, but not be limited to, providing salary amounts for employees greater than \$100,000, contractors for professional services in excess of the same amount, names, addresses and dollar amounts of large contributors in excess of certain calculated amounts and other matters that are not generally covered during the audit. If the information is not provided to us timely, you will not hold us responsible for any penalties incurred for incomplete information.

We will send you an authorization form so that we can file your federal taxes electronically. If we do not receive the form back, or you prefer not to file electronically, we will send you hard copies to file. We will also send you electronic copies for your records unless we receive a specific request for hard copies.

Fee

Our fee will remain at \$19,500. At the completion of the audit, we will provide electronic versions of the audited financial statements, management letter (if applicable) and communications with those charged with governance and 10 copies of the final report without charge. Any additional copies will cost \$5 per report. If applicable, we will charge you other out of pocket costs such as postage for confirmations, fees incurred for certain electronic bank confirmations and setting up conference calls through our phone center, etc. Our fee will be billed monthly and is payable upon receipt. Invoices that are unpaid 30 days past the invoice date are deemed delinquent and we reserve the right to charge interest at 1% per month (not to exceed the maximum amount permitted by law.) In the event any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our costs of collection, including without limitation attorney's fees.

A payment is required upon the signing of this letter in the amount of \$4,500. If we terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

If the School receives CSP funding, the grantor may require a separate "agreed upon procedures report". The terms of this engagement do not include additional services required to prepare a separate agreed upon procedures report. If such services are required, a separate agreement outlining the scope of work and related fees will be made at that time.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to your Organization in the performance of our services. Any discussions that you have with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

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In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of your Organization. However, we will provide advice and recommendations to assist management of the Organization in performing its functions and fulfilling its responsibilities.

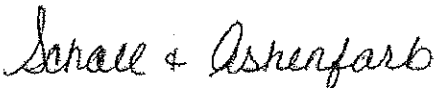
We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The Organization must make all decisions with regard to our recommendations. By signing this Agreement, you acknowledge your acceptance of these responsibilities.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review report accompanies this letter.

We have attached a brief questionnaire that will help us plan the timing of the engagement to ensure you receive documents in your desired time frame. Please take a moment to fill that out.

We appreciate the opportunity to be of service to The Brooklyn Charter School and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us along with the questionnaire referred to above.

Very truly yours,



Schall & Ashenfarb
Certified Public Accountants, LLC

EXHIBIT 1

RESPONSE:

This letter correctly sets forth the understanding of The Brooklyn Charter School for the year ended June 30, 2015.

Michael A. Ruffo
Officer signature

VICE CHAIR BOT
Title

6/10/2015
Date

EXHIBIT 1

Lilling & Company LLP

Certified Public Accountants

System Review Report

March 10, 2014

To the Partners of Schall & Ashenfarb CPAs, LLC and the Peer Review Committee of the New York Society of CPAs

We have reviewed the system of quality control for the auditing practice of Schall & Ashenfarb CPAs, LLC (the firm) in effect for the year ended August 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and an audit of an employee benefit plan.

In our opinion, the system of quality control for the auditing practice of Schall & Ashenfarb CPAs, LLC in effect for the year ended August 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Schall & Ashenfarb CPAs, LLC has received a peer review rating of *pass*.


LILLING & COMPANY LLP



EXHIBIT 2

545 Willoughby Avenue, 3rd Fl. Brooklyn, NY 11206 (718)302-2035 FAX (718)302-2426

Omidbade Escayg
Head of School/Director

Mary Kate Boesch
Assistant Principal

Karma Suttles
Assistant Principal

October 19, 2015

Schall&Ashenfarb, CPA's, LLC
307 Fifth Avenue, 15th Floor
New York, NY 10016

This representation letter is provided in connection with your audit of the financial statements of Brooklyn Charter School, which comprise the statements of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 19, 2015, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 18, 2015, including our responsibility for the preparation and fair presentation of the financial statements.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable. This specifically includes the methodology for the statement of functional expenses.

EXHIBIT 2

6. There have been no related party relationships or transactions that are required to be accounted for or disclosed in accordance with the requirements of U.S. GAAP.
7. There are no events subsequent to the date of the financial statements which requires adjustment to or disclosure in the financial statements to be in accordance with the requirements of U.S. GAAP.
8. There were no uncorrected misstatements that are immaterial, both individually and in the aggregate, to the financial statements as a whole.
9. There were no known actual or possible litigation, claims, and assessments required to be accounted for and disclosed in accordance with U.S. GAAP.
10. There was one material concentration required to be disclosed in accordance with U.S. GAAP related to the New York City Department of Education funding.
11. There were no guarantees, either written or oral, under which the organization is contingently liable, that are required to be recorded or disclosed in accordance with U.S. GAAP.

Non Attest Services

In regard to the non-attest services provided by you, we have:

1. Assumed all management responsibilities.
2. Designated an individual with suitable skill, knowledge, or experience to oversee the services.
3. Evaluated the adequacy and results of the services performed.
4. Accepted responsibility for the results of the services.

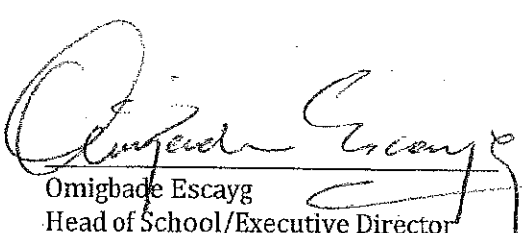
As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

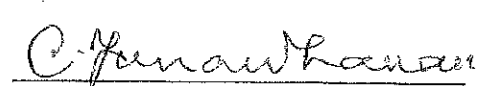
Information Provided

1. We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

EXHIBIT 2

4. We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
7. We are not aware of any pending or threatening litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.
8. We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
9. The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
10. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
11. Brooklyn Charter School is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you and appropriately reported. All required filings with tax authorities are up-to-date.


Omigbade Escayg
Head of School/Executive Director


Colathur Janardhanan
Business Manager



SCHALL & ASHENFARB

Certified Public Accountants, LLC

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

Communication with Those Charged with Governance

To Board of Trustees of
Brooklyn Charter School

We have audited the financial statements of Brooklyn Charter School ("the School") for the year ended June 30, 2015, and have issued our report thereon dated October 19, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated May 18, 2015, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope of Audit

We performed our audit according to the plan previously communicated to you in our engagement letter and subsequent pre-audit communication meeting.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School are described in Note 2 to the financial statements. In fiscal year 2008, the School became the sole member of the Wedding Garden, Inc. As such, accounting principles generally accepted in the United States of America (GAAP) require the consolidation of this other entity and an elimination of intercompany transactions. Because you informed us that the NYS Education Department did not want to review consolidated financial statements from the School, this transaction was accounted for under the equity method. A qualification to our report was required to disclose the GAAP departure.

There were no new accounting policies adopted during the year under audit nor were there any changes to the application of existing policies during the year. Except for the matter discussed above regarding the Wedding Garden we noted no other transactions entered into by the School during the year that was unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

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There is one new matter that we would like to bring to your attention. A loan was established for tuition payments for a teacher that had been expensed in prior years in the amount of \$30,290 plus payments in the current year of \$13,596. Although these loans may be forgiven in future periods based on possible contingent events, a loan receivable was recorded as of June 30, 2015. As amounts are forgiven, the loan receivable will be reduced accordingly. Included in current year income (as other income), were the payments of \$30,290 that related to the prior year.

In addition, subsequent to June 30, 2015, the School has applied for a charter renewal. The last renewal extended the charter to June 30, 2016. The notes to the financial statements reflect subsequent to year end, the NYCDOE reported that the School did not meet any of its benchmarks or conditions for renewal based on the test scores for the 2014-2015 school year. While the School believes its charter will be renewed, the School will be notified sometime in January – February 2016 on this decision. **The possibility exists that the School's charter may not be renewed which means that the School would close at June 30, 2016.**

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates used in preparing the financial statements was for in-kind rent, the allocation of expenses into program, management and fundraising categories, fair value of investments and obtaining a value for the Wedding Garden under the equity method.

We evaluated the key factors and assumptions used to develop the above estimate in determining that it was reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent and clear.

Significant Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. See exhibit C for a listing of all adjustments agreed to by management and include i the financial statements.

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures.

There were no un-booked adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the auditors. There were no specific matters of this nature discussed prior to our retention.

Difficulties Encountered in Performing the Audit

There were no significant difficulties encountered in performing the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Industry updates

There are several new regulations that impact the nonprofit sector that we want you to be aware of. Some relate to changes that should be implemented as soon as possible and others that are still in the draft stage. To summarize:

Uniform Guidance on Federal Awards is in effect for 2015

In late December 2013, the U.S. Office of Management and Budget (OMB) took a major step to issuing its long awaited final grant reform rules in a document entitled Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Final regulations were posted in the Federal Register on December 26, 2013. Many changes were made to cost principles and **they are effective for new federal awards issued in 2015**. The changes to the audit requirements are effective for those entities with a year end of December 31, 2015 and later. It is possible that nonprofit organizations can have grants that follow the older rules and the newer rules, in the same fiscal year. That makes understanding the new rules that much more important. The following describes some of the key areas of change:

Streamlining of Related Circulars and Guidance

The eight existing OMB Circulars have been combined into one document including Circular A-133 and the various Cost Principles. Additionally, the cost principles have been incorporated into a single document with limited variations by type of entity. This new document supersedes the following OMB Circulars:

- A-21, Cost Principles for Educational Institutions
- A-87, Cost Principles for State, Local, and Indian Tribal Governments
- A-89, Federal Domestic Assistance Program Information
- A-102, Awards and Cooperative Agreements with State and Local Governments

- A-110, Uniform Administrative Requirements for Awards and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- A-122, Cost Principles for Non-Profit Organizations
- A-133, Audits of States, Local Governments and Non-Profit Organizations
- It will also supersede those sections of A-50, Audit Follow-Up, related to Single Audits

Procurement

We are finding this to be the most difficult and time consuming new process to implement. That is because the guidance on procurement is more consistent with the older regulations that applied to states and local governments rather than nonprofit organizations. Therefore, major changes have been made to how nonprofits procure goods and services:

There are several new methods that must be followed:

- Micro purchases which applies to goods and services less than \$3,000 and does not require competitive quotes but does require attempts at equitable distribution to avoid all purchases from the same vendor.
- Small purchases which apply to goods and services below the Simplified Acquisition Threshold (\$150,000) and requires multiple rate quotes from qualified sources.
- Sealed bids when services are above the \$150,000 level and which are most applicable for construction.
- Competitive proposals to be used when sealed bids are not practical.

Documentation which includes the detail of the purchase transaction must be maintained that includes support of the procurement method used and the basis of the award and price.

Indirect Costs

A *de minimus* 10% rate is allowed for those organizations that do not have a negotiated rate with the federal government or cognizant agency. This applies to sub-recipients as well.

Time and Effort Reporting

A number of changes are included in the documents which provides for more flexibility for entities in how they document time and effort. The key is having a strong system of internal control to capture how employees perform tasks related to grants on an after-the fact basis. Budgets are still not permitted, although guidance has loosened to allow interim costs to be charged based on budgets if it is representative of best estimates and can be adjusted to reflect actual results periodically. Current systems that meet the old requirements of OMB Circular A-122 (timesheets) will still be permitted.

Auditors will make note of the following changes to the single audit:

Single Audit Threshold for Audit Increased to \$750,000

Entities that expend less than \$750,000 in federal awards would not be required to undergo a single audit. This would represent an increase from the current \$500,000 threshold for single audits which was established in 2003. Any entity that falls below the \$750,000 threshold must make records available for review or audit by appropriate officials of the Federal agency, pass-through entity, and the Government Accountability Office.

For more information on this, please view an archived version of a webinar that we did on this topic that is saved on our website.

FASB issues exposure draft

The Financial Accounting Standards Board (FASB) has issued an exposure draft that is being touted as a once in a generation project. This statement, once passed, will have a major impact on the display of financial statements for all nonprofit organizations. As with all new FASB statements, this is still in the public comment period and there will be changes to the final regulation, however the following summary represents some of the objectives of the new regulations:

- The streamlining of net assets classes to two; net assets that contain donor restrictions and net assets that do not contain donor restrictions. This will have a major impact on organizations with endowments as the financial statements will no longer have a permanently restricted class of net assets. There will also be a change to how underwater endowments will be treated.
- Making financial statements more comparable between different entities, a defined measure of operations will become standard.
- Disclosures on liquidity will become more prominent, which will include allowing management to self define what they consider to be assets available for expenditure.
- The direct method of reporting cash flows will be required to enhance the understanding and usability of this statement. This should help the reader by having the statement of cash flows be more intuitive and provide more transparency on liquidity.
- Creating a 4 step process to help determine when revenue should be recognized that is based on the deliverable of goods and services. This would apply to membership, tuition, program fees, but would exclude contributions.

We will keep you notified of when these new changes become finalized.

Internal Controls - COSO Updates Integrated Framework

This new framework, which is recognized as the leading guidance for designing, implementing, and conducting a system of internal control, was updated to ensure its continued relevance. Nonprofits should begin utilizing the new framework in evaluating the effectiveness of its internal controls because this is an area their auditors will be focusing on.

Board Governance

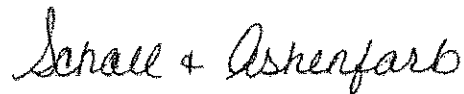
- Overhead Myth - The three major watchdog groups have put out a call to action for donors to focus more on what a charity has done to meet its mission as opposed to how much money it spends on programmatic activity. We are seeing a shift of donations that are tied to achievement of milestones as opposed to funding general, non-specific areas.
- Nonprofit Revitalization Act - Became effective in 2014 and put what had previously been considered best practice into the nonprofit corporate law. The primary areas impact conflicts of interest (having policies that outline how a charity should review and approve transactions with board members, officers, their families and businesses and making sure that these transactions are in the best interest of the charity), monitoring of the independent audit,

including establishing an audit committee of members of the board of directors (or having the full board of directors itself) that meet with the independent auditors regularly, establish whistleblower policies to provide employees with a method to report to the board any suspected fraud within the organization, and other administrative matters.

Independence Issues

Schall & Ashenfarb, CPA's, LLC is not aware of any relationships that our firm, or any employees thereof, has with the School or any of its board members that, in our professional judgment may impair our independence.

This information is intended solely for the use of the Board of Trustees of the Brooklyn Charter School.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 19, 2015

EXHIBIT 1



SCHALL Certified Public Accountants LLC
& ASHENFARB

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

May 18, 2015

Mr. Michael Catlyn, Member of Board of Directors
And To Those Charged With Governance
The Brooklyn Charter School
545 Willoughby Avenue
Brooklyn, NY 11206

Dear Mr. Catlyn:

We are pleased to confirm our understanding of the services we are to provide for The Brooklyn Charter School for the year ended June 30, 2015.

We will audit the statement of financial position of The Brooklyn Charter School as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended and the notes to the financial statements.

Audit Objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that The Brooklyn Charter School is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing

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standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee the financial statement preparation and tax services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U. S. generally accepted accounting principles. **Management is responsible** for the basic financial statements and all accompanying information as well as all representations contained therein. **A partner will present the results of our audit to your audit committee or your board of directors (in person or by teleconference).**

Management is responsible for management decisions and functions. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. **Management is also responsible** for providing us with (1) access to all information of which you are aware that is relevant to the preparation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence. **Management's responsibilities include** adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

If you use a financial consultant to review your books, prepare journal entries or prepare financial statements we will request certain representation from them as well. **Because of the importance of management's representations to an effective audit, failure of management or their financial consultants to provide representations to us in the form of a representation letter will cause our auditors opinion to be a "disclaimer" for a scope limitation.**

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. **Your responsibilities include** informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, **you are responsible** for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants and

EXHIBIT 1

for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishment and maintenance for tracking the status of audit findings and recommendations. **Management is also responsible** for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. **The Organization is also responsible for providing** management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to The Brooklyn Charter School or to acts by management or employees acting on behalf of The Brooklyn Charter School. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance and because **we will not perform a detailed examination of all transactions**, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors' is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected funding sources, creditors, and financial institutions. We will also request written representations from The Brooklyn Charter School's attorneys as part of the engagement, and they may bill The Brooklyn Charter School for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

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Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of The Brooklyn Charter School's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting your Organization. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend your board of directors' meetings.

In addition to the audit services described above, you have requested that we provide the following non-attest services:

We will assist the Organization in preparing the financial statements and related footnote disclosures based on information in the trial balance and other information that comes to our attention during the course of the our engagement. It is critical that you have an understanding and agree with all information in the financial statements, since they are the entity's, and not the auditors'. We agree to review the financial statements with management in sufficient detail to enable you to gain this required understanding and agreement.

We will prepare the tax returns as outlined separately below.

Audit Administration and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing. Certain financial

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institutions may charge us for this and the cost will be passed on to you. We will send a template in Word format for use with confirmation requests.

David Ashenfarb is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign it. Please contact us to discuss a date that we can begin the audit and outline a plan for delivery of draft and final documents to you. Our audit engagement ends on delivery of financial reports; however, we are still available for routine conversations without charge until either party has officially terminated the relationship. Any follow-up services that might be required will be considered a new engagement.

We will provide copies of our reports to you; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Schall & Ashenfarb, CPAs, LLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to your funding source or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Schall & Ashenfarb's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the Government Regulator. The Regulator may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Government Regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

E-mail Communication

In connection with this engagement, we may communicate with you or others via e-mail. As e-mails can be intercepted, disclosed, used, and/or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed, we cannot ensure that e-mails from us will be properly delivered and read only by the addressee. Therefore, we disclaim and waive any liability for interception or unintentional disclosure of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage arising from the use of e-mail, including any punitive, consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure of confidential information.

Posting of Audit Report and Financial Statements on Your Web Site

You agree that, if you plan to post an electronic version of the financial statements and audit report on your Web site, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your Web site and the signed version of the financial statements and audit reports provided to management by us. You also agree to indemnify

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us from any and all claims that may arise from any differences between the electronic and signed copies.

Taxes

As part of our engagement, we will also prepare the federal information return (Form 990). In order to prepare complete and accurate returns, we will require you to provide certain information about board governance policies, which may also include, but not be limited to, providing salary amounts for employees greater than \$100,000, contractors for professional services in excess of the same amount, names, addresses and dollar amounts of large contributors in excess of certain calculated amounts and other matters that are not generally covered during the audit. If the information is not provided to us timely, you will not hold us responsible for any penalties incurred for incomplete information.

We will send you an authorization form so that we can file your federal taxes electronically. If we do not receive the form back, or you prefer not to file electronically, we will send you hard copies to file. We will also send you electronic copies for your records unless we receive a specific request for hard copies.

Fee

Our fee will remain at \$19,500. At the completion of the audit, we will provide electronic versions of the audited financial statements, management letter (if applicable) and communications with those charged with governance and 10 copies of the final report without charge. Any additional copies will cost \$5 per report. If applicable, we will charge you other out of pocket costs such as postage for confirmations, fees incurred for certain electronic bank confirmations and setting up conference calls through our phone center, etc. Our fee will be billed monthly and is payable upon receipt. Invoices that are unpaid 30 days past the invoice date are deemed delinquent and we reserve the right to charge interest at 1% per month (not to exceed the maximum amount permitted by law.) In the event any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our costs of collection, including without limitation attorney's fees.

A payment is required upon the signing of this letter in the amount of \$4,500. If we terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

If the School receives CSP funding, the grantor may require a separate "agreed upon procedures report". The terms of this engagement do not include additional services required to prepare a separate agreed upon procedures report. If such services are required, a separate agreement outlining the scope of work and related fees will be made at that time.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to your Organization in the performance of our services. Any discussions that you have with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

EXHIBIT 1

In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of your Organization. However, we will provide advice and recommendations to assist management of the Organization in performing its functions and fulfilling its responsibilities.

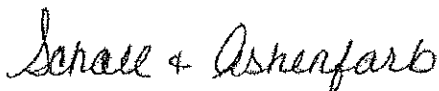
We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The Organization must make all decisions with regard to our recommendations. By signing this Agreement, you acknowledge your acceptance of these responsibilities.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review report accompanies this letter.

We have attached a brief questionnaire that will help us plan the timing of the engagement to ensure you receive documents in your desired time frame. Please take a moment to fill that out.

We appreciate the opportunity to be of service to The Brooklyn Charter School and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us along with the questionnaire referred to above.

Very truly yours,



Schall & Ashenfarb
Certified Public Accountants, LLC

EXHIBIT 1

RESPONSE:

This letter correctly sets forth the understanding of The Brooklyn Charter School for the year ended June 30, 2015.

Michael A. Ruffo
Officer signature

VICE CHAIR BOT
Title

6/10/2015
Date

EXHIBIT 1

Lilling & Company LLP

Certified Public Accountants

System Review Report

March 10, 2014

To the Partners of Schall & Ashenfarb CPAs, LLC and the Peer Review Committee of the New York Society of CPAs

We have reviewed the system of quality control for the auditing practice of Schall & Ashenfarb CPAs, LLC (the firm) in effect for the year ended August 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and an audit of an employee benefit plan.

In our opinion, the system of quality control for the auditing practice of Schall & Ashenfarb CPAs, LLC in effect for the year ended August 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Schall & Ashenfarb CPAs, LLC has received a peer review rating of *pass*.


LILLING & COMPANY LLP



EXHIBIT 2

545 Willoughby Avenue, 3rd Fl. Brooklyn, NY 11206 (718)302-2085 FAX (718)302-2426

Omigbade Escayg
Head of School/Director

Mary Kate Boesch
Assistant Principal

Karma Suttles
Assistant Principal

October 19, 2015

Schall&Ashenfarb, CPA's, LLC
307 Fifth Avenue, 15th Floor
New York, NY 10016

This representation letter is provided in connection with your audit of the financial statements of Brooklyn Charter School, which comprise the statements of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 19, 2015, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 18, 2015, including our responsibility for the preparation and fair presentation of the financial statements.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable. This specifically includes the methodology for the statement of functional expenses.

EXHIBIT 2

6. There have been no related party relationships or transactions that are required to be accounted for or disclosed in accordance with the requirements of U.S. GAAP.
7. There are no events subsequent to the date of the financial statements which requires adjustment to or disclosure in the financial statements to be in accordance with the requirements of U.S. GAAP.
8. There were no uncorrected misstatements that are immaterial, both individually and in the aggregate, to the financial statements as a whole.
9. There were no known actual or possible litigation, claims, and assessments required to be accounted for and disclosed in accordance with U.S. GAAP.
10. There was one material concentration required to be disclosed in accordance with U.S. GAAP related to the New York City Department of Education funding.
11. There were no guarantees, either written or oral, under which the organization is contingently liable, that are required to be recorded or disclosed in accordance with U.S. GAAP.

Non Attest Services

In regard to the non-attest services provided by you, we have:

1. Assumed all management responsibilities.
2. Designated an individual with suitable skill, knowledge, or experience to oversee the services.
3. Evaluated the adequacy and results of the services performed.
4. Accepted responsibility for the results of the services.

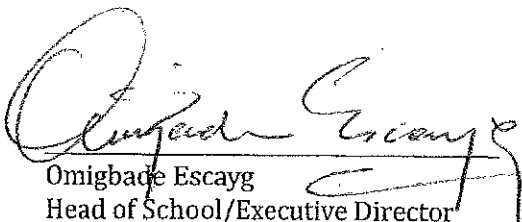
As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

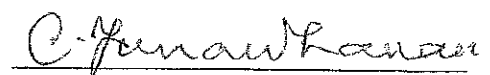
Information Provided

1. We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

EXHIBIT 2

4. We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
7. We are not aware of any pending or threatening litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.
8. We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
9. The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
10. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
11. Brooklyn Charter School is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you and appropriately reported. All required filings with tax authorities are up-to-date.


Omigbade Escayg
Head of School/Executive Director


Colathur Janardhanan
Business Manager



Communication with Those Charged with Governance

To Board of Trustees of
Brooklyn Charter School

We have audited the financial statements of Brooklyn Charter School ("the School") for the year ended June 30, 2015, and have issued our report thereon dated October 19, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated May 18, 2015, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope of Audit

We performed our audit according to the plan previously communicated to you in our engagement letter and subsequent pre-audit communication meeting.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School are described in Note 2 to the financial statements. In fiscal year 2008, the School became the sole member of the Wedding Garden, Inc. As such, accounting principles generally accepted in the United States of America (GAAP) require the consolidation of this other entity and an elimination of intercompany transactions. Because you informed us that the NYS Education Department did not want to review consolidated financial statements from the School, this transaction was accounted for under the equity method. A qualification to our report was required to disclose the GAAP departure.

There were no new accounting policies adopted during the year under audit nor were there any changes to the application of existing policies during the year. Except for the matter discussed above regarding the Wedding Garden we noted no other transactions entered into by the School during the year that was unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

There is one new matter that we would like to bring to your attention. A loan was established for tuition payments for a teacher that had been expensed in prior years in the amount of \$30,290 plus payments in the current year of \$13,596. Although these loans may be forgiven in future periods based on possible contingent events, a loan receivable was recorded as of June 30, 2015. As amounts are forgiven, the loan receivable will be reduced accordingly. Included in current year income (as other income), were the payments of \$30,290 that related to the prior year.

In addition, subsequent to June 30, 2015, the School has applied for a charter renewal. The last renewal extended the charter to June 30, 2016. The notes to the financial statements reflect subsequent to year end, the NYCDOE reported that the School did not meet any of its benchmarks or conditions for renewal based on the test scores for the 2014-2015 school year. While the School believes its charter will be renewed, the School will be notified sometime in January – February 2016 on this decision. **The possibility exists that the School's charter may not be renewed which means that the School would close at June 30, 2016.**

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates used in preparing the financial statements was for in-kind rent, the allocation of expenses into program, management and fundraising categories, fair value of investments and obtaining a value for the Wedding Garden under the equity method.

We evaluated the key factors and assumptions used to develop the above estimate in determining that it was reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent and clear.

Significant Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. See exhibit C for a listing of all adjustments agreed to by management and include i the financial statements.

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures.

There were no un-booked adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the auditors. There were no specific matters of this nature discussed prior to our retention.

Difficulties Encountered in Performing the Audit

There were no significant difficulties encountered in performing the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Industry updates

There are several new regulations that impact the nonprofit sector that we want you to be aware of. Some relate to changes that should be implemented as soon as possible and others that are still in the draft stage. To summarize:

Uniform Guidance on Federal Awards is in effect for 2015

In late December 2013, the U.S. Office of Management and Budget (OMB) took a major step to issuing its long awaited final grant reform rules in a document entitled Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Final regulations were posted in the Federal Register on December 26, 2013. Many changes were made to cost principles and **they are effective for new federal awards issued in 2015**. The changes to the audit requirements are effective for those entities with a year end of December 31, 2015 and later. It is possible that nonprofit organizations can have grants that follow the older rules and the newer rules, in the same fiscal year. That makes understanding the new rules that much more important. The following describes some of the key areas of change:

Streamlining of Related Circulars and Guidance

The eight existing OMB Circulars have been combined into one document including Circular A-133 and the various Cost Principles. Additionally, the cost principles have been incorporated into a single document with limited variations by type of entity. This new document supersedes the following OMB Circulars:

- A-21, Cost Principles for Educational Institutions
- A-87, Cost Principles for State, Local, and Indian Tribal Governments
- A-89, Federal Domestic Assistance Program Information
- A-102, Awards and Cooperative Agreements with State and Local Governments

- A-110, Uniform Administrative Requirements for Awards and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- A-122, Cost Principles for Non-Profit Organizations
- A-133, Audits of States, Local Governments and Non-Profit Organizations
- It will also supersede those sections of A-50, Audit Follow-Up, related to Single Audits

Procurement

We are finding this to be the most difficult and time consuming new process to implement. That is because the guidance on procurement is more consistent with the older regulations that applied to states and local governments rather than nonprofit organizations. Therefore, major changes have been made to how nonprofits procure goods and services:

There are several new methods that must be followed:

- Micro purchases which applies to goods and services less than \$3,000 and does not require competitive quotes but does require attempts at equitable distribution to avoid all purchases from the same vendor.
- Small purchases which apply to goods and services below the Simplified Acquisition Threshold (\$150,000) and requires multiple rate quotes from qualified sources.
- Sealed bids when services are above the \$150,000 level and which are most applicable for construction.
- Competitive proposals to be used when sealed bids are not practical.

Documentation which includes the detail of the purchase transaction must be maintained that includes support of the procurement method used and the basis of the award and price.

Indirect Costs

A *de minimus* 10% rate is allowed for those organizations that do not have a negotiated rate with the federal government or cognizant agency. This applies to sub-recipients as well.

Time and Effort Reporting

A number of changes are included in the documents which provides for more flexibility for entities in how they document time and effort. The key is having a strong system of internal control to capture how employees perform tasks related to grants on an after-the fact basis. Budgets are still not permitted, although guidance has loosened to allow interim costs to be charged based on budgets if it is representative of best estimates and can be adjusted to reflect actual results periodically. Current systems that meet the old requirements of OMB Circular A-122 (timesheets) will still be permitted.

Auditors will make note of the following changes to the single audit:

Single Audit Threshold for Audit Increased to \$750,000

Entities that expend less than \$750,000 in federal awards would not be required to undergo a single audit. This would represent an increase from the current \$500,000 threshold for single audits which was established in 2003. Any entity that falls below the \$750,000 threshold must make records available for review or audit by appropriate officials of the Federal agency, pass-through entity, and the Government Accountability Office.

For more information on this, please view an archived version of a webinar that we did on this topic that is saved on our website.

FASB issues exposure draft

The Financial Accounting Standards Board (FASB) has issued an exposure draft that is being touted as a once in a generation project. This statement, once passed, will have a major impact on the display of financial statements for all nonprofit organizations. As with all new FASB statements, this is still in the public comment period and there will be changes to the final regulation, however the following summary represents some of the objectives of the new regulations:

- The streamlining of net assets classes to two; net assets that contain donor restrictions and net assets that do not contain donor restrictions. This will have a major impact on organizations with endowments as the financial statements will no longer have a permanently restricted class of net assets. There will also be a change to how underwater endowments will be treated.
- Making financial statements more comparable between different entities, a defined measure of operations will become standard.
- Disclosures on liquidity will become more prominent, which will include allowing management to self define what they consider to be assets available for expenditure.
- The direct method of reporting cash flows will be required to enhance the understanding and usability of this statement. This should help the reader by having the statement of cash flows be more intuitive and provide more transparency on liquidity.
- Creating a 4 step process to help determine when revenue should be recognized that is based on the deliverable of goods and services. This would apply to membership, tuition, program fees, but would exclude contributions.

We will keep you notified of when these new changes become finalized.

Internal Controls - COSO Updates Integrated Framework

This new framework, which is recognized as the leading guidance for designing, implementing, and conducting a system of internal control, was updated to ensure its continued relevance. Nonprofits should begin utilizing the new framework in evaluating the effectiveness of its internal controls because this is an area their auditors will be focusing on.

Board Governance

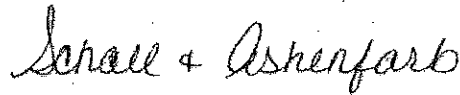
- Overhead Myth - The three major watchdog groups have put out a call to action for donors to focus more on what a charity has done to meet its mission as opposed to how much money it spends on programmatic activity. We are seeing a shift of donations that are tied to achievement of milestones as opposed to funding general, non-specific areas.
- Nonprofit Revitalization Act - Became effective in 2014 and put what had previously been considered best practice into the nonprofit corporate law. The primary areas impact conflicts of interest (having policies that outline how a charity should review and approve transactions with board members, officers, their families and businesses and making sure that these transactions are in the best interest of the charity), monitoring of the independent audit,

including establishing an audit committee of members of the board of directors (or having the full board of directors itself) that meet with the independent auditors regularly, establish whistleblower policies to provide employees with a method to report to the board any suspected fraud within the organization, and other administrative matters.

Independence Issues

Schall & Ashenfarb, CPA's, LLC is not aware of any relationships that our firm, or any employees thereof, has with the School or any of its board members that, in our professional judgment may impair our independence.

This information is intended solely for the use of the Board of Trustees of the Brooklyn Charter School.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 19, 2015

EXHIBIT 1



SCHALL Certified Public Accountants LLC
ASHENFARB

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

May 18, 2015

Mr. Michael Catlyn, Member of Board of Directors
And To Those Charged With Governance
The Brooklyn Charter School
545 Willoughby Avenue
Brooklyn, NY 11206

Dear Mr. Catlyn:

We are pleased to confirm our understanding of the services we are to provide for The Brooklyn Charter School for the year ended June 30, 2015.

We will audit the statement of financial position of The Brooklyn Charter School as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended and the notes to the financial statements.

Audit Objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that The Brooklyn Charter School is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing

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EXHIBIT 1

standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee the financial statement preparation and tax services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U. S. generally accepted accounting principles. **Management is responsible** for the basic financial statements and all accompanying information as well as all representations contained therein. **A partner will present the results of our audit to your audit committee or your board of directors (in person or by teleconference).**

Management is responsible for management decisions and functions. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. **Management is also responsible** for providing us with (1) access to all information of which you are aware that is relevant to the preparation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence. **Management's responsibilities include** adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

If you use a financial consultant to review your books, prepare journal entries or prepare financial statements we will request certain representation from them as well. **Because of the importance of management's representations to an effective audit, failure of management or their financial consultants to provide representations to us in the form of a representation letter will cause our auditors opinion to be a "disclaimer" for a scope limitation.**

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. **Your responsibilities include** informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, **you are responsible** for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants and

EXHIBIT 1

for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishment and maintenance for tracking the status of audit findings and recommendations. **Management is also responsible** for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. **The Organization is also responsible for providing** management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

Audit Procedures--General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to The Brooklyn Charter School or to acts by management or employees acting on behalf of The Brooklyn Charter School. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance and because **we will not perform a detailed examination of all transactions**, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors' is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected funding sources, creditors, and financial institutions. We will also request written representations from The Brooklyn Charter School's attorneys as part of the engagement, and they may bill The Brooklyn Charter School for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

EXHIBIT 1

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of The Brooklyn Charter School's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting your Organization. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend your board of directors' meetings.

In addition to the audit services described above, you have requested that we provide the following non-attest services:

We will assist the Organization in preparing the financial statements and related footnote disclosures based on information in the trial balance and other information that comes to our attention during the course of the our engagement. It is critical that you have an understanding and agree with all information in the financial statements, since they are the entity's, and not the auditors'. We agree to review the financial statements with management in sufficient detail to enable you to gain this required understanding and agreement.

We will prepare the tax returns as outlined separately below.

Audit Administration and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing. Certain financial

EXHIBIT 1

institutions may charge us for this and the cost will be passed on to you. We will send a template in Word format for use with confirmation requests.

David Ashenfarb is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign it. Please contact us to discuss a date that we can begin the audit and outline a plan for delivery of draft and final documents to you. Our audit engagement ends on delivery of financial reports; however, we are still available for routine conversations without charge until either party has officially terminated the relationship. Any follow-up services that might be required will be considered a new engagement.

We will provide copies of our reports to you; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Schall & Ashenfarb, CPAs, LLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to your funding source or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Schall & Ashenfarb's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the Government Regulator. The Regulator may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Government Regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

E-mail Communication

In connection with this engagement, we may communicate with you or others via e-mail. As e-mails can be intercepted, disclosed, used, and/or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed, we cannot ensure that e-mails from us will be properly delivered and read only by the addressee. Therefore, we disclaim and waive any liability for interception or unintentional disclosure of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage arising from the use of e-mail, including any punitive, consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure of confidential information.

Posting of Audit Report and Financial Statements on Your Web Site

You agree that, if you plan to post an electronic version of the financial statements and audit report on your Web site, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your Web site and the signed version of the financial statements and audit reports provided to management by us. You also agree to indemnify

EXHIBIT 1

us from any and all claims that may arise from any differences between the electronic and signed copies.

Taxes

As part of our engagement, we will also prepare the federal information return (Form 990). In order to prepare complete and accurate returns, we will require you to provide certain information about board governance policies, which may also include, but not be limited to, providing salary amounts for employees greater than \$100,000, contractors for professional services in excess of the same amount, names, addresses and dollar amounts of large contributors in excess of certain calculated amounts and other matters that are not generally covered during the audit. If the information is not provided to us timely, you will not hold us responsible for any penalties incurred for incomplete information.

We will send you an authorization form so that we can file your federal taxes electronically. If we do not receive the form back, or you prefer not to file electronically, we will send you hard copies to file. We will also send you electronic copies for your records unless we receive a specific request for hard copies.

Fee

Our fee will remain at \$19,500. At the completion of the audit, we will provide electronic versions of the audited financial statements, management letter (if applicable) and communications with those charged with governance and 10 copies of the final report without charge. Any additional copies will cost \$5 per report. If applicable, we will charge you other out of pocket costs such as postage for confirmations, fees incurred for certain electronic bank confirmations and setting up conference calls through our phone center, etc. Our fee will be billed monthly and is payable upon receipt. Invoices that are unpaid 30 days past the invoice date are deemed delinquent and we reserve the right to charge interest at 1% per month (not to exceed the maximum amount permitted by law.) In the event any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our costs of collection, including without limitation attorney's fees.

A payment is required upon the signing of this letter in the amount of \$4,500. If we terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

If the School receives CSP funding, the grantor may require a separate "agreed upon procedures report". The terms of this engagement do not include additional services required to prepare a separate agreed upon procedures report. If such services are required, a separate agreement outlining the scope of work and related fees will be made at that time.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to your Organization in the performance of our services. Any discussions that you have with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

EXHIBIT 1

In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of your Organization. However, we will provide advice and recommendations to assist management of the Organization in performing its functions and fulfilling its responsibilities.

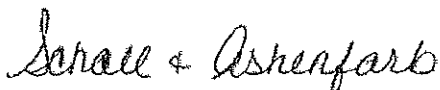
We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The Organization must make all decisions with regard to our recommendations. By signing this Agreement, you acknowledge your acceptance of these responsibilities.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review report accompanies this letter.

We have attached a brief questionnaire that will help us plan the timing of the engagement to ensure you receive documents in your desired time frame. Please take a moment to fill that out.

We appreciate the opportunity to be of service to The Brooklyn Charter School and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us along with the questionnaire referred to above.

Very truly yours,



Schall & Ashenfarb
Certified Public Accountants, LLC

EXHIBIT 1

RESPONSE:

This letter correctly sets forth the understanding of The Brooklyn Charter School for the year ended June 30, 2015.

Michael A. Ruffo
Officer signature

VICE CHAIR BOT
Title

6/10/2015
Date

EXHIBIT 1

Lilling & Company LLP

Certified Public Accountants

System Review Report

March 10, 2014

To the Partners of Schall & Ashenfarb CPAs, LLC and the Peer Review Committee of the New York Society of CPAs

We have reviewed the system of quality control for the auditing practice of Schall & Ashenfarb CPAs, LLC (the firm) in effect for the year ended August 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and an audit of an employee benefit plan.

In our opinion, the system of quality control for the auditing practice of Schall & Ashenfarb CPAs, LLC in effect for the year ended August 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Schall & Ashenfarb CPAs, LLC has received a peer review rating of *pass*.


LILLING & COMPANY LLP



EXHIBIT 2

545 Willoughby Avenue, 3rd Fl. Brooklyn, NY 11206 (718)302-2085 FAX (718)302-2426

Omigbadc Escayg
Head of School/Director

Mary Kate Boesch
Assistant Principal

Karina Suttles
Assistant Principal

October 19, 2015

Schall&Ashenfarb, CPA's, LLC
307 Fifth Avenue, 15th Floor
New York, NY 10016

This representation letter is provided in connection with your audit of the financial statements of Brooklyn Charter School, which comprise the statements of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 19, 2015, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 18, 2015, including our responsibility for the preparation and fair presentation of the financial statements.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable. This specifically includes the methodology for the statement of functional expenses.

EXHIBIT 2

6. There have been no related party relationships or transactions that are required to be accounted for or disclosed in accordance with the requirements of U.S. GAAP.
7. There are no events subsequent to the date of the financial statements which requires adjustment to or disclosure in the financial statements to be in accordance with the requirements of U.S. GAAP.
8. There were no uncorrected misstatements that are immaterial, both individually and in the aggregate, to the financial statements as a whole.
9. There were no known actual or possible litigation, claims, and assessments required to be accounted for and disclosed in accordance with U.S. GAAP.
10. There was one material concentration required to be disclosed in accordance with U.S. GAAP related to the New York City Department of Education funding.
11. There were no guarantees, either written or oral, under which the organization is contingently liable, that are required to be recorded or disclosed in accordance with U.S. GAAP.

Non Attest Services

In regard to the non-attest services provided by you, we have:

1. Assumed all management responsibilities.
2. Designated an individual with suitable skill, knowledge, or experience to oversee the services.
3. Evaluated the adequacy and results of the services performed.
4. Accepted responsibility for the results of the services.

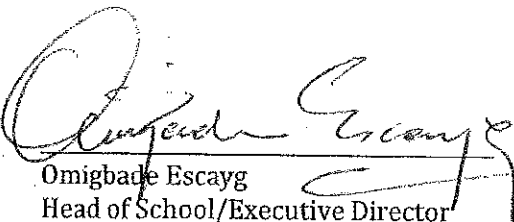
As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

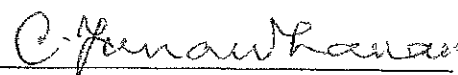
Information Provided

1. We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

EXHIBIT 2

4. We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
7. We are not aware of any pending or threatening litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.
8. We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
9. The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
10. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
11. Brooklyn Charter School is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you and appropriately reported. All required filings with tax authorities are up-to-date.


Omigbade Escayg
Head of School/Executive Director


Colathur Janardhanan
Business Manager



SCHALL & ASHENFARB

Certified Public Accountants, LLC

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

Communication with Those Charged with Governance

To Board of Trustees of
Brooklyn Charter School

We have audited the financial statements of Brooklyn Charter School ("the School") for the year ended June 30, 2015, and have issued our report thereon dated October 19, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated May 18, 2015, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope of Audit

We performed our audit according to the plan previously communicated to you in our engagement letter and subsequent pre-audit communication meeting.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School are described in Note 2 to the financial statements. In fiscal year 2008, the School became the sole member of the Wedding Garden, Inc. As such, accounting principles generally accepted in the United States of America (GAAP) require the consolidation of this other entity and an elimination of intercompany transactions. Because you informed us that the NYS Education Department did not want to review consolidated financial statements from the School, this transaction was accounted for under the equity method. A qualification to our report was required to disclose the GAAP departure.

There were no new accounting policies adopted during the year under audit nor were there any changes to the application of existing policies during the year. Except for the matter discussed above regarding the Wedding Garden we noted no other transactions entered into by the School during the year that was unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

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New York, New York 10016
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www.schallandashenfARB.com

There is one new matter that we would like to bring to your attention. A loan was established for tuition payments for a teacher that had been expensed in prior years in the amount of \$30,290 plus payments in the current year of \$13,596. Although these loans may be forgiven in future periods based on possible contingent events, a loan receivable was recorded as of June 30, 2015. As amounts are forgiven, the loan receivable will be reduced accordingly. Included in current year income (as other income), were the payments of \$30,290 that related to the prior year.

In addition, subsequent to June 30, 2015, the School has applied for a charter renewal. The last renewal extended the charter to June 30, 2016. The notes to the financial statements reflect subsequent to year end, the NYCDOE reported that the School did not meet any of its benchmarks or conditions for renewal based on the test scores for the 2014-2015 school year. While the School believes its charter will be renewed, the School will be notified sometime in January - February 2016 on this decision. **The possibility exists that the School's charter may not be renewed which means that the School would close at June 30, 2016.**

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates used in preparing the financial statements was for in-kind rent, the allocation of expenses into program, management and fundraising categories, fair value of investments and obtaining a value for the Wedding Garden under the equity method.

We evaluated the key factors and assumptions used to develop the above estimate in determining that it was reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent and clear.

Significant Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. See exhibit C for a listing of all adjustments agreed to by management and include i the financial statements.

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures.

There were no un-booked adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the auditors. There were no specific matters of this nature discussed prior to our retention.

Difficulties Encountered in Performing the Audit

There were no significant difficulties encountered in performing the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Industry updates

There are several new regulations that impact the nonprofit sector that we want you to be aware of. Some relate to changes that should be implemented as soon as possible and others that are still in the draft stage. To summarize:

Uniform Guidance on Federal Awards is in effect for 2015

In late December 2013, the U.S. Office of Management and Budget (OMB) took a major step to issuing its long awaited final grant reform rules in a document entitled Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Final regulations were posted in the Federal Register on December 26, 2013. Many changes were made to cost principles and **they are effective for new federal awards issued in 2015**. The changes to the audit requirements are effective for those entities with a year end of December 31, 2015 and later. It is possible that nonprofit organizations can have grants that follow the older rules and the newer rules, in the same fiscal year. That makes understanding the new rules that much more important. The following describes some of the key areas of change:

Streamlining of Related Circulars and Guidance

The eight existing OMB Circulars have been combined into one document including Circular A-133 and the various Cost Principles. Additionally, the cost principles have been incorporated into a single document with limited variations by type of entity. This new document supersedes the following OMB Circulars:

- A-21, Cost Principles for Educational Institutions
- A-87, Cost Principles for State, Local, and Indian Tribal Governments
- A-89, Federal Domestic Assistance Program Information
- A-102, Awards and Cooperative Agreements with State and Local Governments

- A-110, Uniform Administrative Requirements for Awards and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- A-122, Cost Principles for Non-Profit Organizations
- A-133, Audits of States, Local Governments and Non-Profit Organizations
- It will also supersede those sections of A-50, Audit Follow-Up, related to Single Audits

Procurement

We are finding this to be the most difficult and time consuming new process to implement. That is because the guidance on procurement is more consistent with the older regulations that applied to states and local governments rather than nonprofit organizations. Therefore, major changes have been made to how nonprofits procure goods and services:

There are several new methods that must be followed:

- Micro purchases which applies to goods and services less than \$3,000 and does not require competitive quotes but does require attempts at equitable distribution to avoid all purchases from the same vendor.
- Small purchases which apply to goods and services below the Simplified Acquisition Threshold (\$150,000) and requires multiple rate quotes from qualified sources.
- Sealed bids when services are above the \$150,000 level and which are most applicable for construction.
- Competitive proposals to be used when sealed bids are not practical.

Documentation which includes the detail of the purchase transaction must be maintained that includes support of the procurement method used and the basis of the award and price.

Indirect Costs

A *de minimus* 10% rate is allowed for those organizations that do not have a negotiated rate with the federal government or cognizant agency. This applies to sub-recipients as well.

Time and Effort Reporting

A number of changes are included in the documents which provides for more flexibility for entities in how they document time and effort. The key is having a strong system of internal control to capture how employees perform tasks related to grants on an after-the fact basis. Budgets are still not permitted, although guidance has loosened to allow interim costs to be charged based on budgets if it is representative of best estimates and can be adjusted to reflect actual results periodically. Current systems that meet the old requirements of OMB Circular A-122 (timesheets) will still be permitted.

Auditors will make note of the following changes to the single audit:

Single Audit Threshold for Audit Increased to \$750,000

Entities that expend less than \$750,000 in federal awards would not be required to undergo a single audit. This would represent an increase from the current \$500,000 threshold for single audits which was established in 2003. Any entity that falls below the \$750,000 threshold must make records available for review or audit by appropriate officials of the Federal agency, pass-through entity, and the Government Accountability Office.

For more information on this, please view an archived version of a webinar that we did on this topic that is saved on our website.

FASB issues exposure draft

The Financial Accounting Standards Board (FASB) has issued an exposure draft that is being touted as a once in a generation project. This statement, once passed, will have a major impact on the display of financial statements for all nonprofit organizations. As with all new FASB statements, this is still in the public comment period and there will be changes to the final regulation, however the following summary represents some of the objectives of the new regulations:

- The streamlining of net assets classes to two; net assets that contain donor restrictions and net assets that do not contain donor restrictions. This will have a major impact on organizations with endowments as the financial statements will no longer have a permanently restricted class of net assets. There will also be a change to how underwater endowments will be treated.
- Making financial statements more comparable between different entities, a defined measure of operations will become standard.
- Disclosures on liquidity will become more prominent, which will include allowing management to self define what they consider to be assets available for expenditure.
- The direct method of reporting cash flows will be required to enhance the understanding and usability of this statement. This should help the reader by having the statement of cash flows be more intuitive and provide more transparency on liquidity.
- Creating a 4 step process to help determine when revenue should be recognized that is based on the deliverable of goods and services. This would apply to membership, tuition, program fees, but would exclude contributions.

We will keep you notified of when these new changes become finalized.

Internal Controls - COSO Updates Integrated Framework

This new framework, which is recognized as the leading guidance for designing, implementing, and conducting a system of internal control, was updated to ensure its continued relevance. Nonprofits should begin utilizing the new framework in evaluating the effectiveness of its internal controls because this is an area their auditors will be focusing on.

Board Governance

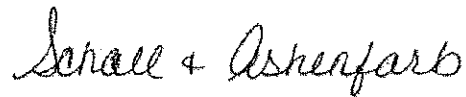
- Overhead Myth - The three major watchdog groups have put out a call to action for donors to focus more on what a charity has done to meet its mission as opposed to how much money it spends on programmatic activity. We are seeing a shift of donations that are tied to achievement of milestones as opposed to funding general, non-specific areas.
- Nonprofit Revitalization Act - Became effective in 2014 and put what had previously been considered best practice into the nonprofit corporate law. The primary areas impact conflicts of interest (having policies that outline how a charity should review and approve transactions with board members, officers, their families and businesses and making sure that these transactions are in the best interest of the charity), monitoring of the independent audit,

including establishing an audit committee of members of the board of directors (or having the full board of directors itself) that meet with the independent auditors regularly, establish whistleblower policies to provide employees with a method to report to the board any suspected fraud within the organization, and other administrative matters.

Independence Issues

Schall & Ashenfarb, CPA's, LLC is not aware of any relationships that our firm, or any employees thereof, has with the School or any of its board members that, in our professional judgment may impair our independence.

This information is intended solely for the use of the Board of Trustees of the Brooklyn Charter School.

A handwritten signature in cursive script that reads "Schall & Ashenfarb".

Schall & Ashenfarb
Certified Public Accountants, LLC

October 19, 2015

EXHIBIT 1



SCHALL Certified Public Accountants LLC
& ASHENFARB

IRAL L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

May 18, 2015

Mr. Michael Catlyn, Member of Board of Directors
And To Those Charged With Governance
The Brooklyn Charter School
545 Willoughby Avenue
Brooklyn, NY 11206

Dear Mr. Catlyn:

We are pleased to confirm our understanding of the services we are to provide for The Brooklyn Charter School for the year ended June 30, 2015.

We will audit the statement of financial position of The Brooklyn Charter School as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended and the notes to the financial statements.

Audit Objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that The Brooklyn Charter School is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing

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New York, New York 10016
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EXHIBIT 1

standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee the financial statement preparation and tax services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U. S. generally accepted accounting principles. **Management is responsible** for the basic financial statements and all accompanying information as well as all representations contained therein. **A partner will present the results of our audit to your audit committee or your board of directors (in person or by teleconference).**

Management is responsible for management decisions and functions. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. **Management is also responsible** for providing us with (1) access to all information of which you are aware that is relevant to the preparation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence. **Management's responsibilities include** adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

If you use a financial consultant to review your books, prepare journal entries or prepare financial statements we will request certain representation from them as well. **Because of the importance of management's representations to an effective audit, failure of management or their financial consultants to provide representations to us in the form of a representation letter will cause our auditors opinion to be a "disclaimer" for a scope limitation.**

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. **Your responsibilities include** informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, **you are responsible** for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants and

EXHIBIT 1

for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishment and maintenance for tracking the status of audit findings and recommendations. **Management is also responsible** for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. **The Organization is also responsible for providing** management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to The Brooklyn Charter School or to acts by management or employees acting on behalf of The Brooklyn Charter School. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance and because **we will not perform a detailed examination of all transactions**, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors' is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected funding sources, creditors, and financial institutions. We will also request written representations from The Brooklyn Charter School's attorneys as part of the engagement, and they may bill The Brooklyn Charter School for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

EXHIBIT 1

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of The Brooklyn Charter School's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting your Organization. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend your board of directors' meetings.

In addition to the audit services described above, you have requested that we provide the following non-attest services:

We will assist the Organization in preparing the financial statements and related footnote disclosures based on information in the trial balance and other information that comes to our attention during the course of the our engagement. It is critical that you have an understanding and agree with all information in the financial statements, since they are the entity's, and not the auditors'. We agree to review the financial statements with management in sufficient detail to enable you to gain this required understanding and agreement.

We will prepare the tax returns as outlined separately below.

Audit Administration and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing. Certain financial

EXHIBIT 1

institutions may charge us for this and the cost will be passed on to you. We will send a template in Word format for use with confirmation requests.

David Ashenfarb is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign it. Please contact us to discuss a date that we can begin the audit and outline a plan for delivery of draft and final documents to you. Our audit engagement ends on delivery of financial reports; however, we are still available for routine conversations without charge until either party has officially terminated the relationship. Any follow-up services that might be required will be considered a new engagement.

We will provide copies of our reports to you; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Schall & Ashenfarb, CPAs, LLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to your funding source or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Schall & Ashenfarb's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the Government Regulator. The Regulator may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Government Regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

E-mail Communication

In connection with this engagement, we may communicate with you or others via e-mail. As e-mails can be intercepted, disclosed, used, and/or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed, we cannot ensure that e-mails from us will be properly delivered and read only by the addressee. Therefore, we disclaim and waive any liability for interception or unintentional disclosure of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage arising from the use of e-mail, including any punitive, consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure of confidential information.

Posting of Audit Report and Financial Statements on Your Web Site

You agree that, if you plan to post an electronic version of the financial statements and audit report on your Web site, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your Web site and the signed version of the financial statements and audit reports provided to management by us. You also agree to indemnify

EXHIBIT 1

us from any and all claims that may arise from any differences between the electronic and signed copies.

Taxes

As part of our engagement, we will also prepare the federal information return (Form 990). In order to prepare complete and accurate returns, we will require you to provide certain information about board governance policies, which may also include, but not be limited to, providing salary amounts for employees greater than \$100,000, contractors for professional services in excess of the same amount, names, addresses and dollar amounts of large contributors in excess of certain calculated amounts and other matters that are not generally covered during the audit. If the information is not provided to us timely, you will not hold us responsible for any penalties incurred for incomplete information.

We will send you an authorization form so that we can file your federal taxes electronically. If we do not receive the form back, or you prefer not to file electronically, we will send you hard copies to file. We will also send you electronic copies for your records unless we receive a specific request for hard copies.

Fee

Our fee will remain at \$19,500. At the completion of the audit, we will provide electronic versions of the audited financial statements, management letter (if applicable) and communications with those charged with governance and 10 copies of the final report without charge. Any additional copies will cost \$5 per report. If applicable, we will charge you other out of pocket costs such as postage for confirmations, fees incurred for certain electronic bank confirmations and setting up conference calls through our phone center, etc. Our fee will be billed monthly and is payable upon receipt. Invoices that are unpaid 30 days past the invoice date are deemed delinquent and we reserve the right to charge interest at 1% per month (not to exceed the maximum amount permitted by law.) In the event any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our costs of collection, including without limitation attorney's fees.

A payment is required upon the signing of this letter in the amount of \$4,500. If we terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

If the School receives CSP funding, the grantor may require a separate "agreed upon procedures report". The terms of this engagement do not include additional services required to prepare a separate agreed upon procedures report. If such services are required, a separate agreement outlining the scope of work and related fees will be made at that time.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to your Organization in the performance of our services. Any discussions that you have with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

EXHIBIT 1

In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of your Organization. However, we will provide advice and recommendations to assist management of the Organization in performing its functions and fulfilling its responsibilities.

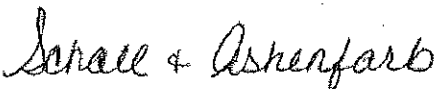
We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The Organization must make all decisions with regard to our recommendations. By signing this Agreement, you acknowledge your acceptance of these responsibilities.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review report accompanies this letter.

We have attached a brief questionnaire that will help us plan the timing of the engagement to ensure you receive documents in your desired time frame. Please take a moment to fill that out.

We appreciate the opportunity to be of service to The Brooklyn Charter School and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us along with the questionnaire referred to above.

Very truly yours,



Schall & Ashenfarb
Certified Public Accountants, LLC

EXHIBIT 1

RESPONSE:

This letter correctly sets forth the understanding of The Brooklyn Charter School for the year ended June 30, 2015.

Michael A. Anthony
Officer signature

VICE CHAIR BOT
Title

6/10/2015
Date

EXHIBIT 1

Lilling & Company LLP

Certified Public Accountants

System Review Report

March 10, 2014

To the Partners of Schall & Ashenfarb CPAs, LLC and the Peer Review Committee of the New York Society of CPAs

We have reviewed the system of quality control for the auditing practice of Schall & Ashenfarb CPAs, LLC (the firm) in effect for the year ended August 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and an audit of an employee benefit plan.

In our opinion, the system of quality control for the auditing practice of Schall & Ashenfarb CPAs, LLC in effect for the year ended August 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Schall & Ashenfarb CPAs, LLC has received a peer review rating of *pass*.


LILLING & COMPANY LLP



EXHIBIT 2

545 Willoughby Avenue, 3rd Fl. Brooklyn, NY 11206 (718)302-2085 FAX (718)302-2426

Omigbade Escayg
Head of School/Director

Mary Kate Boesch
Assistant Principal

Karma Suttles
Assistant Principal

October 19, 2015

Schall&Ashenfarb, CPA's, LLC
307 Fifth Avenue, 15th Floor
New York, NY 10016

This representation letter is provided in connection with your audit of the financial statements of Brooklyn Charter School, which comprise the statements of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 19, 2015, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 18, 2015, including our responsibility for the preparation and fair presentation of the financial statements.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable. This specifically includes the methodology for the statement of functional expenses.

EXHIBIT 2

6. There have been no related party relationships or transactions that are required to be accounted for or disclosed in accordance with the requirements of U.S. GAAP.
7. There are no events subsequent to the date of the financial statements which requires adjustment to or disclosure in the financial statements to be in accordance with the requirements of U.S. GAAP.
8. There were no uncorrected misstatements that are immaterial, both individually and in the aggregate, to the financial statements as a whole.
9. There were no known actual or possible litigation, claims, and assessments required to be accounted for and disclosed in accordance with U.S. GAAP.
10. There was one material concentration required to be disclosed in accordance with U.S. GAAP related to the New York City Department of Education funding.
11. There were no guarantees, either written or oral, under which the organization is contingently liable, that are required to be recorded or disclosed in accordance with U.S. GAAP.

Non Attest Services

In regard to the non-attest services provided by you, we have:

1. Assumed all management responsibilities.
2. Designated an individual with suitable skill, knowledge, or experience to oversee the services.
3. Evaluated the adequacy and results of the services performed.
4. Accepted responsibility for the results of the services.

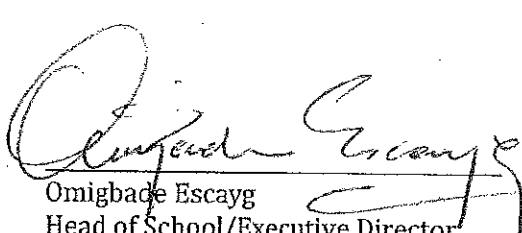
As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.


Information Provided

1. We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

EXHIBIT 2

4. We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
7. We are not aware of any pending or threatening litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.
8. We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
9. The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
10. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
11. Brooklyn Charter School is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you and appropriately reported. All required filings with tax authorities are up-to-date.


Omigbade Escayg
Head of School/Executive Director


Colathur Janardhanan
Business Manager

New York State Education Department

Request for Proposals to Establish Charter Schools Authorized by the Board of Regents

2015-16 Budget & Cash Flow Template

General Instructions and Notes for New Application Budgets and Cash Flows Templates

1	Complete ALL SIX columns in BLUE
2	Enter information into the GRAY cells
3	Cells containing RED triangles in the upper right corner in columns B through G contain guidance on that particular item
4	Funding by School District information for all NYS School district is located on the State Aid website at https://stateaid.nysed.gov/charter/ . Refer to this website for per-pupil tuition funding for all school districts. Rows may be inserted in the worksheet to accomodate additional districts if necessary.
5	The Assumptions column should be completed for all revenue and expense items unless the item is self-explanatory. Where applicable, please reference the page number or section in the application narrative that indicates the assumption being made. For instance, student enrollment would reference the applicable page number in Section I, C of the application narrative.

Brooklyn Charter School

PROJECTED BUDGET FOR 2015-2016

July 1 2015 to June 30, 2016

Assumptions
DESCRIPTION OF ASSUMPTIONS - Please note assumptions were applicable

Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 165. This will populate the data in row 16.

	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
Total Revenue	4,027,007	-	-	-	-	4,027,007
Total Expenses	4,046,276	-	-	-	-	4,046,276
Net Income	(19,271)	-	-	-	-	(19,271)
Actual Student Enrollment	240	-	-	-	-	240
Total Paid Student Enrollment	-	-	-	-	-	-

	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
PROGRAM SERVICES						
REGULAR EDUCATION						
SPECIAL EDUCATION						
OTHER						
FUNDRAISING						
MANAGEMENT & GENERAL						
TOTAL						

REVENUE						
REVENUES FROM STATE SOURCES						
Per Pupil Revenue						
District of Location						
School District 2 (Enter Name)						
School District 3 (Enter Name)						
School District 4 (Enter Name)						
School District 5 (Enter Name)						
Special Education Revenue						
Grants						
Stimulus						
Other						
Other State Revenue						
TOTAL REVENUE FROM STATE SOURCES						
REVENUE FROM FEDERAL FUNDING						
IDEA Special Needs						
Title I						
Title Funding - Other						
School Food Service (Free Lunch)						
Grants						
Charter School Program (CSP) Planning & Implementation						
Other						
Other Federal Revenue						
TOTAL REVENUE FROM FEDERAL SOURCES						
LOCAL AND OTHER REVENUE						
Contributions and Donations, Fundraising						
Estate Reimbursement						
Interest Income, Earnings on Investments,						
NYC-DYCD (Department of Youth and Community Developmt.)						
Food Service (Income from meals)						
Text Book						
Other Local Revenue						
TOTAL REVENUE FROM LOCAL AND OTHER SOURCES						
TOTAL REVENUE						

EXPENSES						
ADMINISTRATIVE STAFF PERSONNEL COSTS						
Executive Management						
Instructional Management						
Deans, Directors & Coordinators						
CFO / Director of Finance						
Operation / Business Manager						
Administrative Staff						
TOTAL ADMINISTRATIVE STAFF						
INSTRUCTIONAL PERSONNEL COSTS						
Teachers - Regular						
Teachers - SPED						
Substitute Teachers						
Teaching Assistants						
Specialty Teachers						

EXPENSES						
ADMINISTRATIVE STAFF PERSONNEL COSTS						
Executive Management						
Instructional Management						
Deans, Directors & Coordinators						
CFO / Director of Finance						
Operation / Business Manager						
Administrative Staff						
TOTAL ADMINISTRATIVE STAFF						
INSTRUCTIONAL PERSONNEL COSTS						
Teachers - Regular						
Teachers - SPED						
Substitute Teachers						
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Specialty Teachers						

EXPENSES						
ADMINISTRATIVE STAFF PERSONNEL COSTS						
Executive Management						
Instructional Management						
Deans, Directors & Coordinators						
CFO / Director of Finance						
Operation / Business Manager						
Administrative Staff						
TOTAL ADMINISTRATIVE STAFF						
INSTRUCTIONAL PERSONNEL COSTS						
Teachers - Regular						
Teachers - SPED						
Substitute Teachers						
Teaching Assistants						
Specialty Teachers						

EXPENSES						
ADMINISTRATIVE STAFF PERSONNEL COSTS						
Executive Management						
Instructional Management						
Deans, Directors & Coordinators						
CFO / Director of Finance						
Operation / Business Manager						
Administrative Staff						
TOTAL ADMINISTRATIVE STAFF						
INSTRUCTIONAL PERSONNEL COSTS						
Teachers - Regular						
Teachers - SPED						
Substitute Teachers						
Teaching Assistants						
Specialty Teachers						

EXPENSES						
ADMINISTRATIVE STAFF PERSONNEL COSTS						
Executive Management						
Instructional Management						
Deans, Directors & Coordinators						
CFO / Director of Finance						
Operation / Business Manager						
Administrative Staff						
TOTAL ADMINISTRATIVE STAFF						
INSTRUCTIONAL PERSONNEL COSTS						
Teachers - Regular						
Teachers - SPED						
Substitute Teachers						
Teaching Assistants						
Specialty Teachers						

EXPENSES						
ADMINISTRATIVE STAFF PERSONNEL COSTS						
Executive Management						
Instructional Management						
Deans, Directors & Coordinators						
CFO / Director of Finance						
Operation / Business Manager						
Administrative Staff						
TOTAL ADMINISTRATIVE STAFF						
INSTRUCTIONAL PERSONNEL COSTS						
Teachers - Regular						
Teachers - SPED						
Substitute Teachers						
Teaching Assistants						
Specialty Teachers						

EXPENSES						
ADMINISTRATIVE STAFF PERSONNEL COSTS						
Executive Management						
Instructional Management						
Deans, Directors & Coordinators						
CFO / Director of Finance						
Operation / Business Manager						
Administrative Staff						
TOTAL ADMINISTRATIVE STAFF						
INSTRUCTIONAL PERSONNEL COSTS						
Teachers - Regular						
Teachers - SPED						
Substitute Teachers						
Teaching Assistants						
Specialty Teachers						

EXPENSES						
ADMINISTRATIVE STAFF PERSONNEL COSTS						
Executive Management						
Instructional Management						
Deans, Directors & Coordinators						
CFO / Director of Finance						
Operation / Business Manager						
Administrative Staff						
TOTAL ADMINISTRATIVE STAFF						
INSTRUCTIONAL PERSONNEL COSTS						
Teachers - Regular						
Teachers - SPED						
Substitute Teachers						
Teaching Assistants						
Specialty Teachers						

EXPENSES						
ADMINISTRATIVE STAFF PERSONNEL COSTS						
Executive Management						
Instructional Management						
Deans, Directors & Coordinators						
CFO / Director of Finance						
Operation / Business Manager						
Administrative Staff						
TOTAL ADMINISTRATIVE STAFF						
INSTRUCTIONAL PERSONNEL COSTS						
Teachers - Regular						
Teachers - SPED						
Substitute Teachers						
Teaching Assistants						
Specialty Teachers						

List exact titles and staff FTE's (Full time equivalent)

Brooklyn Charter School

PROJECTED BUDGET FOR 2015-2016

July 1, 2015 to June 30, 2016

Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 155. This will populate the data in row 10.

	DESCRIPTION OF ASSUMPTIONS - Please note assumptions which applicable				
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL
Total Revenue	4,027,207	-	-	-	635,527
Total Expenses	4,046,278	-	-	-	4,074,141
Net Income	(19,271)	-	-	-	(3,377,814)
Actual Student Enrollment	240	-	-	-	-
Total Paid Student Enrollment	-	-	-	-	-

	PROGRAM SERVICES				
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL
	1,797,481	-	-	-	1,797,481
	2,512,164	-	-	-	2,512,164

Aides					
Therapists & Counselors					
Other					
TOTAL INSTRUCTIONAL	31				
Non-Instructional Personnel Costs					
Nurse					
Librarian					
Custodian					
Security					
Other					
TOTAL NON-INSTRUCTIONAL					
SUBTOTAL PERSONNEL SERVICE COSTS					

Payroll Taxes	239,140				239,140
Fringe / Employee Benefits	500,952				500,952
Retirement / Pension	74,746				74,746
TOTAL PAYROLL TAXES AND BENEFITS	815,038				815,038

TOTAL PERSONNEL SERVICE COSTS	3,432,492				3,432,492
--------------------------------------	------------------	--	--	--	------------------

Contracted Services					
Accounting / Audit	20,280				20,280
Legal	5,200				5,200
Management Company Fee					
Nurse Services					
Food Service / School Lunch					
Payroll Services	15,320				15,320
Special Ed Services					
Titament Services (i.e. Title I)					
Other Purchased / Professional / Consulting	35,000				35,000
TOTAL CONTRACTED SERVICES	75,800				75,800

School Operations					
Board Expenses					
Classroom / Teaching Supplies & Materials	42,120				42,120
Special Ed Supplies & Materials					
Textbooks / Workbooks	24,960				24,960
Supplies & Materials other					
Equipment / Furniture	2,080				2,080
Telephone					
Technology	27,000				27,000
Student Testing & Assessment					
Field Trips	12,334				12,334
Transportation (student)	78,200				78,200
Student Services - other	69,599				69,599
Office Expense	36,714				36,714
Staff Development	98,200				98,200
Staff Recruitment	4,000				4,000
Student Recruitment / Marketing					
School Meals / Lunch	8,000				8,000
Travel (Staff)	4,638				4,638
Fundraising					
Other	103,337				103,337
TOTAL SCHOOL OPERATIONS	507,592				507,592

Brooklyn Charter School

PROJECTED BUDGET FOR 2015-2016

July 1, 2015 to June 30, 2016

ASSUMPTIONS

DESCRIPTION OF ASSUMPTIONS - Please use assumptions with applicable

Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 156. This will populate the data in row 10.

	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL
Total Revenue	4,037,007					686,637
Total Expenses	4,246,278					4,074,141
Net Income	(209,271)					(3,377,514)
Actual Student Enrollment	249					
Total Paid Student Enrollment						

	PROGRAM SERVICES			SUPPORT SERVICES		
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	TOTAL

FACILITY OPERATION & MAINTENANCE						
Insurance						
Janitorial						
Building and Land Rent / Lease						
Repairs & Maintenance						
Equipment / Furniture						
Security						
Utilities						
TOTAL FACILITY OPERATION & MAINTENANCE	41,003					41,003
DEPRECIATION & AMORTIZATION						
DISSOLUTION ESCROW & RESERVES / CONTINGENCY						
TOTAL EXPENSES	23,864					23,864
NET INCOME	4,073,141					4,073,141

ENROLLMENT - *School Districts Are Linked To Above Entries*

District of Location						
School District 2 (Enter Name)						
School District 3 (Enter Name)						
School District 4 (Enter Name)						
School District 5 (Enter Name)						
TOTAL ENROLLMENT						
REVENUE PER PUPIL						
EXPENSES PER PUPIL						



Audited Financial Statement Checklist

Last updated: 10/29/2015

Page 1

Charter School Name:

1. Please check each item that is included in the 2014-15 Audited Financial Statement submitted for your charter school.

	Yes/No
Audited Financial Statements (including report on compliance and report on internal control over financial reporting)	Yes
Single Audit (if applicable)	Not Applicable
CSP Agreed Upon Procedures (if applicable)	Not Applicable
Management Letter	Yes
Report on Extracurricular Student Activity Accounts (if applicable)	Not Applicable
Corrective Action Plans for any Findings	Yes

2. Please indicated if there is a finding(s) noted in any of the following sections of your charter school's 2014-15 Audited Financial Statement.

	Yes/No
Report on Compliance	Yes
Report on Internal Control over Financial Reporting	Yes
Single Audit	Not Applicable
CSP Agreed Upon Procedures Report	Not Applicable
Management Letter	Yes

Thank you.



Appendix E: Disclosure of Financial Interest Form

Created: 07/14/2015

Last updated: 10/29/2015

Page 1

331400860809 BROOKLYN CS

All trustees who served on an education corporation governing one or more charter schools during the 2014-2015 school year must complete the form in Appendix E (Disclosure of Financial Interest Form). The Disclosure of Financial Interest Forms are due on November 1, 2015. A link to a safe and secure form that each Trustee must complete by the November 1, 2015 deadline will be provide here by September 1, 2015 or sooner.

ALL charter schools or merged education corporations must complete the Board of Trustees Membership Table within the online portal in Appendix F (Board of Trustees Membership Table). The Board of Trustees Membership Table must be submitted by August 1, 2015.

Regents-authorized charter schools must upload a complete set of board of trustee Meeting Minutes from July 2014-June 2015 into Appendix G (Board Minutes). Board of Trustee Meeting Minutes must be submitted by August 1, 2015.

Yes, each member of the school's Board of Trustees will receive a link to the Disclosure of Financial Interest Form.

Yes

Thank you.

Appendix F: BOT Membership Table

Created: 07/14/2015

Last updated: 07/21/2015

Page 1

331400860809 BROOKLYN CS

1. Current Board Member Information

	Trustee Name	Email Address	Committee Affiliation(s)	Voting Member? (Y/N)	Area of Expertise, and/or Additional Role and School (parent, staff member, etc.)	Number of Terms Served and Length of Each (Include election date and term expiration)
1	Henry Lambert	hlambert@lambertdevelopment.com	Chair/Board President	Yes	Business/Finance/Real Estate	11 years
2	Michael Catlyn	michaelcatlyn@gmail.com	Vice Chair/Vice President	Yes	Human Resources & Finance/Chair Finance Committee	13 years
3	Diana Lee	dlee@manatt.com	Secretary	Yes	Law	7 years
4	Mihran Keosian	mktkmm@verizon.net	Trustee/Member	No	Education/Education Committee	3 years
5	Anthony Betaudier	tonyqb8@gmail.com	Trustee/Member	Yes	Real Estate /Education Committee	7 years
6	Sean Perlman	sperlman@brooklyncharter.org	Other	No	Teacher Representative	1 year
7	Omigbade Escayg	oescayg@aol.com	Other	No	Head of School/Education Committee	16 years
8	Deshana Cabasan	dhunte@brooklyncharter.org	Parent Representative	No	Family Representative	2 years
9	Mark Davis	mjdavid@gmail.com	Trustee/Member	Yes	Business/ Finance	1 year
10						
11						
12						
13						
14						
15						
16						
17						
18						

19

20

2. Total Number of Members Joining Board during the 2014-15 school year

1

3. Total Number of Members Departing the Board during the 2014-15 school year

0

4. According to the School's by-laws, what is the maximum number of trustees that may comprise the governing board?

15

5. How many times did the Board meet during the 2014-15 school year?

10

6. How many times will the Board meet during the 2015-16 school year?

10

Thank you.

Appendix H

Brooklyn Charter School is located in the Bedford- Stuyvesant Community of Brooklyn, which is still considered one of the most underserved communities in New York City. BCS currently serves 82% of its student population on free and reduced lunch.

A general outreach effort targets all families and, in particular, those students qualified for free and reduced lunch. The effort included the following:

- Printed ads in the Brooklyn Family magazine, Our Times Press, and the YMCA catalog
- Distribution of brochures and flyers in the neighborhoods surrounding the school
- On foot campaign throughout the immediate neighborhood during July 2015 to solicit applications
- Bus station ads at strategic terminals and intersections throughout Bedford – Stuyvesant
- Open house presentations and tours throughout the year at BCS

BCS was diligent in its efforts in 2014 - 2015 to attract and recruit Students with Disabilities, English Language Learners and students who qualify for free and reduced lunch. All BCS ads and printed materials include our discriminatory policy and a note to welcome Students with Disabilities and English Language Learners.

BCS retained its fulltime ESL teacher who provided direct instructional supports to 12 ELL students throughout the entire school year.

BCS continued its outreach efforts to the ELL population through the following:

- BCS's new website is user friendly, fully translatable into over 80 languages and has a clearly visible "Enroll" button on the home page which links directly to the application.
- Print ads in El Diario, and ads in general newspapers that specified an outreach to diverse English Language Learners
- BCS attended several recruitment fairs and provided materials in Spanish along with distribution of post cards that were bilingual in appeal
- BCS enrollment application is available in Spanish, as well as, the school's outreach brochure. Multiple copies of these were distributed to libraries, daycare centers, nursery schools, Community Center Schools and pedestrians.
- BCS continued to diversify its teaching faculty ensuring a multilingual community. BCS faculty comprised 3 Spanish speakers, 1 Korean speaker, 3 Mandarin Chinese speakers, 1 French speaker, and 2 Hindi speakers. The Head of School speaks French and Spanish.

Efforts to target Students with Disabilities were met with equal attention. BCS expanded its Collaborative Team Teaching classrooms to include Kindergarten, 1st grade, 3rd grade and 4th grade in 2014- 2015. For the 2015 – 2016 school year there will be an ICT classroom on each grade level, K-5. This will provide students with IEPs the needed instructional support throughout the day. BCS will also continue to provide SETSS as identified in individual student IEPs. This year the Response to Intervention Specialist provided teachers with increased support in the areas of progress monitoring and differentiation in order to ensure that all students' needs were being met, and students in need of intervention also received targeted instruction.

BCS will continue its outreach efforts, as stated above, into the 2015 - 2016 school year, to target Students with Disabilities, English Language Learners and students who qualify for free and reduced lunch.

Retention has been a challenge for BCS. While the Charter growth plan denotes a total enrollment of 240 students for the 2014 – 2015 school year, BCS started the school year with 236 students. Though we increased our outreach efforts, BCS was unable to meet its total enrollment mark. Based on past history BCS felt the need to increase its total enrollment to 260 students in the hope of meeting a sustainable mark after attrition.

BCS applied for an amendment in order to increase our enrollment to 260. We had the confidence that we could meet this goal. However, it was denied due to poor test scores and failing to meet the academic goals.

BCS offers a number of attractive features to support retention:

- BCS provides an Arts program that consists of Music & Dance program as part of its daily core curriculum.
- An additional writing class to support writing skills throughout the content area.
- Small classrooms with 2 teachers per class providing approximately a 10:1 student-teacher ratio.
- Beyond a rigorous core curriculum, BCS also provides an After School program that includes tutoring and intervention in ELA and Math.
- A hands on integrated problem based learning approach for all students while meeting individual needs.
- Family activities throughout the entire year that include trips, picnics, academic nights and movie nights.
- Overnight programs in outdoor education at the Ramapo Environmental Center, Rhinebeck, NY.
- BCS will provide a "Parent Portal" for its families in the 2015 – 2016 school year. This feature will allow for greater communication between the classroom and home, and school and home. Families will have direct access to daily homework, student records, grades, test scores and student progress records. Families will have greater access to the school calendar and announcements.
- BCS plans to enhance its visibility through its ad campaign, heightened Search Engine Optimization efforts, as well as, through a variety of backpack ads and giveaways to its students and families.



Appendix I: Teacher and Administrator Attrition

Created: 07/14/2015

Last updated: 07/23/2015

Report changes in teacher and administrator staffing.

Page 1

Charter School Name: 331400860809 BROOKLYN CS

Instructions for completing the Teacher and Administrator Attrition Tables

ALL charter schools should provide, for teachers and administrators only, the full time equivalent (FTE) of staff on June 30, 2014, the FTE for added staff from July 1, 2014 through June 30, 2015, and the FTE for any departed staff from July 1, 2014 through June 30, 2015 using the two tables provided.

2013-14 Teacher Attrition Table

	FTE Teachers on June 30, 2014	FTE Teachers Additions 7/1/14 – 6/30/15	FTE Teacher Departures 7/1/14 – 6/30/15
	18	5	11

2013-14 Administrator Position Attrition Table

	FTE Administrator Positions On 6/30/2014	FTE Administrator Additions 7/1/14 – 6/30/15	FTE Administrator Departures 7/1/14 – 6/30/15
	5	1	1

Thank you



Appendix J: Uncertified Teachers

Last updated: 07/23/2015

"thirty per centum or 5 teachers, whichever is less"

To comply with NYS Education Law Section 2854(3)(a-1), please report the (FTE) count of uncertified and certified teaching staff as of the last day of school for the 2014-15 school year.

Page 1

Charter School Name: 331400860809 BROOKLYN CS

Note Definition of FTE:

Full-time equivalent employees equal the number of employees on full-time schedules plus the number of employees on part-time schedules converted to a full-time basis. The number of full-time equivalent employees in each industry is the product of the total number of employees and the ratio of average weekly hours per employee for all employees to average weekly hours per employee on full-time schedules. An industry's full-time equivalent employment will be less than the number of its employees on full- and part-time schedules, unless it has no part-time employees (U.S. Commerce--Bureau of Economic Analysis at: http://www.bea.gov/faq/index.cfm?faq_id=368#sthash.8Rbj89kq.dpuf)

How many UNCERTIFIED Full-Time Equivalent Teachers were employed in the charter school as of last day of school in 2014-15?

For each applicable category (i-iv), input the relevant full time equivalent (FTE) count of teachers.

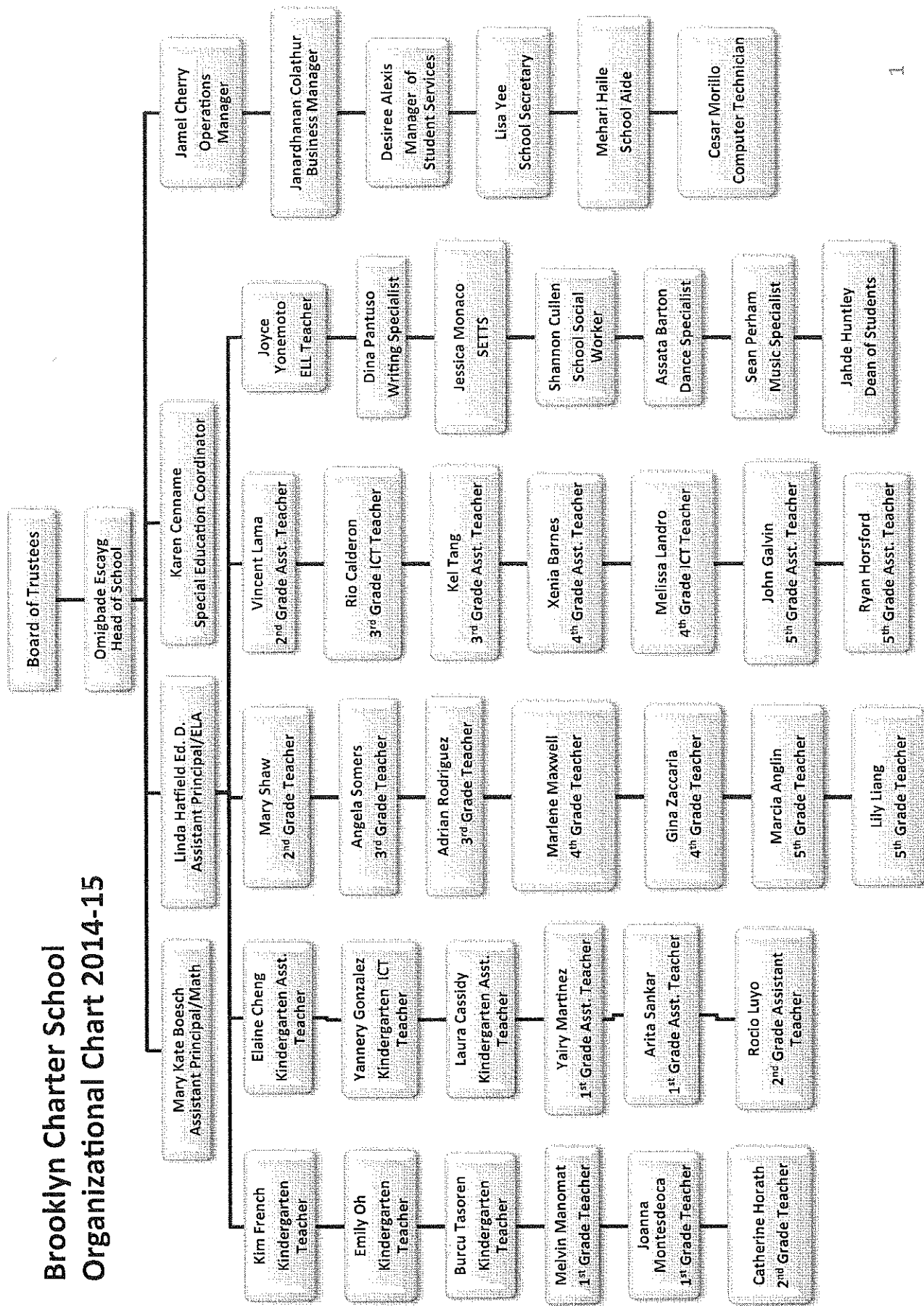
	FTE - (June 30, 2015)
(i) uncertified teachers with at least three years of elementary, middle or secondary classroom teaching experience	4
(ii) individuals who are tenured or tenure track college faculty	0
(iii) individuals with two years satisfactory experience through Teach for America	0
(iv) individuals who possess exceptional business, professional, artistic, athletic, or military experience	2
FTE count of uncertified teachers who do not fit into any of the four statutory categories	1
Total	7.0

How many CERTIFIED Full-Time Equivalent Teachers were employed in the charter school as of the last day of school in 2014-15?

21

Thank you.

Brooklyn Charter School Organizational Chart 2014-15



Appendix L: Mission Statement and Key Design Elements

BCS Mission Statement

The Brooklyn Charter School is committed to providing a nurturing and supportive community where all students feel secure, recognize their own potential, respect others regardless of race, religion or culture, and are instilled with the desire to learn and achieve. It is our aim to provide a rigorous academic program supported by the Arts and Technology that cultivates the whole child. Through achievement and creativity, and in partnership with our families, students will develop the necessary confidence, intellectual capacity and leadership skills to prepare them for an evolving global society.

Key Design Elements

1. **Smaller Class Size:** each classroom has two teachers per class. Class sizes are capped at 20 in order to provide for a 1:10 teacher – student ratio. Each class has a Lead Teacher and Assistant Teacher while each ICT classroom has a certified General Education Teacher and a Special Education Teacher. Students are heterogeneously mixed by ability, gender, and services.
2. **Project Based Learning:** The educational program at BCS is grounded in the theories of constructivism and project based learning. This provides students with opportunities to explore, discover, and learn about the world around them. In this approach teachers are the facilitators for students as they learn to analyze, critique, question, connect and demonstrate their learning through meaningful projects. At BCS the whole school studies a topic which could be on local history, world cultures, and life science.
3. **Personalized Instruction:** Teachers in each classroom work together to provide intervention and acceleration based on the students' needs. Teachers work with the RTI specialist to personalize instruction to best meet the needs of all students. Each grade level has an ICT class and BCS also provides a SETTS who addresses individual IEP needs.
4. **Strong Culture and Supportive Relationships:** Families are an integral part of BCS's success. Parents are provided with multiple opportunities to participate in their child's experience at BCS. This includes academic nights, conferences, volunteering, and family fun activities.
5. **Focus on Fine Arts:** The Fine Arts program is an opportunity for students to define their identity based on individual talents. It encompasses projects that are connected to other content areas. These programs focus on both modern and classical aspects of music and dance while incorporating cultural influences.

I. SCHOOL INFORMATION AND COVER PAGE

Created Tuesday, July 01, 2014

Page 1

1. SCHOOL NAME

(Select School name from dropdown menu; BEDS # appears first)

331400860809 BROOKLYN CS

2. CHARTER AUTHORIZER

NYCDOE-Authorized Charter School

3. DISTRICT / CSD OF LOCATION

NYC CSD 14

4. SCHOOL INFORMATION

PRIMARY ADDRESS	PHONE NUMBER	FAX NUMBER	EMAIL ADDRESS
545 Willoughby Avenue, 3rd Floor	718-302-2085	718-302-2426	oescayg@aol.com

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES

Contact Name	Omigbade Escayg
Title	Head of School
Emergency Phone Number (###-###-####)	917-572-5569

5. SCHOOL WEB ADDRESS (URL)

www.brooklyncharter.org

6. DATE OF INITIAL CHARTER

2000-03-01 00:00:00

7. DATE FIRST OPENED FOR INSTRUCTION

2000-09-01 00:00:00

8. TOTAL NUMBER OF STUDENTS ENROLLED IN 2013-14 (as reported on BEDS Day)

(as reported on BEDS Day)

9. GRADES SERVED IN SCHOOL YEAR 2013-14

Check all that apply

• K

• 1

• 2

• 3

• 4

• 5

10. DOES THE SCHOOL CONTRACT WITH A CHARTER OR EDUCATIONAL MANAGEMENT ORGANIZATION?

Yes/No	Name of CMO/EMO
No	

11. FACILITIES

Will the School maintain or operate multiple sites?

No, just one site.

12. SCHOOL SITES

Please list the sites where the school will operate in 2014-15.

	Physical Address	Phone Number	District/CSD	Grades Served at Site	School at Full Capacity at Site	Facilities Agreement
Site 1 (same as primary site)	545 Willoughby Avenue, 3rd Floor	718-302-2085	CSD 14	K-5	Yes	DOE space

12a. Please provide the contact information for Site 1 (same as the primary site).

	Name	Work Phone	Alternate Phone	Email Address
School Leader	Omigbade Escayg	718-302-2085	917-572-5569	oescayg@aol.com
Operational Leader	Jamel Cherry	718-302-2085		jcherry@brooklyncharter.org
Compliance Contact	Omigbade Escayg	718-302-2085		oescayg@aol.com
Complaint Contact	Omigbade Escayg	718-302-2085		oescayg@aol.com

13. Are the School sites co-located?

No

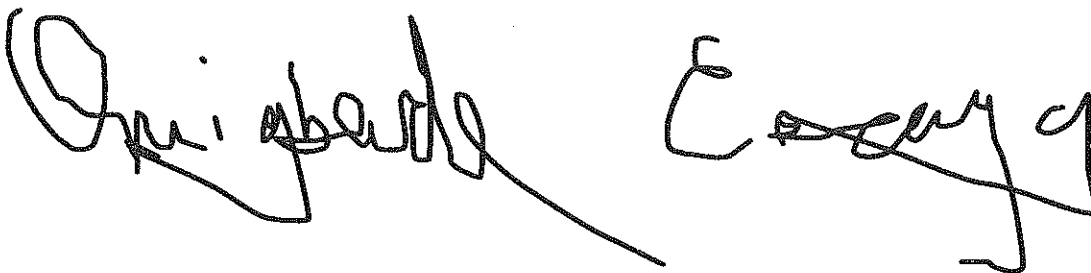
14. Were there any revisions to the school's charter during the 2013-2014 school year? (Please include both those that required authorizer approval and those that did not require authorizer approval).

No

16. Our signatures below attest that all of the information contained herein is truthful and accurate and that this charter school is in compliance with all aspects of its charter, and with all pertinent Federal, State, and local laws, regulations, and rules. We understand that if any information in any part of this report is found to have been deliberately misrepresented, that will constitute grounds for the revocation of our charter. Check YES if you agree and use the mouse on your PC or the stylist on your mobile device to sign your name).

• Yes

Signature, Head of Charter School



Signature, President of the Board of Trustees

Thank you.