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**FORTE PREPARATORY ACADEMY  
CHARTER SCHOOL**

**Audited Financial Statements In Accordance  
With Government Auditing Standards  
June 30, 2020**

# FORTE PREPARATORY ACADEMY CHARTER SCHOOL

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## **Independent Auditor's Report**

To the Board of Trustees of  
Forte Preparatory Academy Charter School

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Forte Preparatory Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020, 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.

### ***Auditor's 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 auditor's 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 entity'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 entity'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***

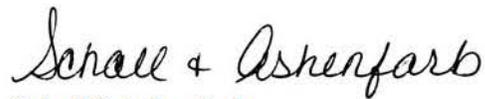
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forte Preparatory Academy Charter School as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Report on Summarized Comparative Information***

We have previously audited the School's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2019. In our opinion, the summarized comparative information presented herein and for the year ended June 30, 2019 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 26, 2020 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Schall & Ashenfarb  
Certified Public Accountants, LLC

October 26, 2020

**FORTE PREPARATORY ACADEMY CHARTER SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**AT JUNE 30, 2020**  
(With comparative totals at June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19</u>
<b>Assets</b>		
Cash and cash equivalents	\$1,793,054	\$445,051
Grants receivable - New York City Department of Education (Note 3)	0	15,197
Government grants receivable	111,292	402,667
Prepaid expenses and other assets	173,067	186,956
Restricted cash (Note 4)	75,008	50,003
Fixed assets (Note 5)	380,212	275,994
Security deposit	<u>700,302</u>	<u>484,667</u>
Total assets	<u><u>\$3,232,935</u></u>	<u><u>\$1,860,535</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$342,773	\$265,575
Grant advance - New York City Department of Education (Note 3)	11,986	0
Government grant advances	148,875	0
Paycheck Protection Program loan (Note 6)	<u>525,777</u>	<u>0</u>
Total liabilities	<u>1,029,411</u>	<u>265,575</u>
Net assets:		
Without donor restrictions	2,158,524	1,594,960
With donor restrictions (Note 7)	<u>45,000</u>	<u>0</u>
Total net assets	<u>2,203,524</u>	<u>1,594,960</u>
Total liabilities and net assets	<u><u>\$3,232,935</u></u>	<u><u>\$1,860,535</u></u>

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

**FORTE PREPARATORY ACADEMY CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
(With comparative totals for the year ended June 30, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/20</u>	<u>6/30/19</u>
<b>Revenue and public support:</b>				
Public school district: (Note 3)				
Revenue - resident student enrollment	\$4,319,317		\$4,319,317	\$2,650,315
Revenue - students with disabilities	835,387		835,387	528,532
Total public school district	<u>5,154,704</u>	0	<u>5,154,704</u>	<u>3,178,847</u>
Government grants - other	1,159,982		1,159,982	1,370,213
Contributions	63,026	45,000	108,026	77,567
Other income	20,370		20,370	7,721
Net assets released from restrictions	<u>0</u>		<u>0</u>	<u>0</u>
Total revenue and public support	<u>6,398,082</u>	<u>45,000</u>	<u>6,443,082</u>	<u>4,634,348</u>
<b>Expenses:</b>				
Program services:				
Regular education	3,771,822		3,771,822	2,362,016
Special education	<u>1,236,348</u>		<u>1,236,348</u>	<u>675,045</u>
Total program services	<u>5,008,170</u>	0	<u>5,008,170</u>	<u>3,037,061</u>
Supporting services:				
Management and general	807,370		807,370	644,196
Fundraising	<u>18,978</u>		<u>18,978</u>	<u>20,222</u>
Total supporting services	<u>826,348</u>	0	<u>826,348</u>	<u>664,418</u>
Total expenses	<u>5,834,518</u>	0	<u>5,834,518</u>	<u>3,701,479</u>
Change in net assets	563,564	45,000	608,564	932,869
Net assets - beginning of year	<u>1,594,960</u>	0	<u>1,594,960</u>	<u>662,091</u>
Net assets - end of year	<u>\$2,158,524</u>	<u>\$45,000</u>	<u>\$2,203,524</u>	<u>\$1,594,960</u>

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

**FORTE PREPARATORY ACADEMY CHARTER SCHOOL**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
(With comparative totals for the year ended June 30, 2019)

	Program Services			Supporting Services		Total Expenses 6/30/20	Total Expenses 6/30/19
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising		
Salaries	\$2,044,046	\$708,090	\$2,752,136	\$270,469	\$14,709	\$285,178	\$1,792,155
Payroll taxes and benefits	406,535	140,830	547,365	53,793	2,925	56,718	341,611
Total personnel costs	2,450,581	848,920	3,299,501	324,262	17,634	341,896	2,133,766
Curriculum and classroom expenses	104,539	28,965	133,504			0	163,138
Professional fees	36,080	18,396	54,476	337,720		337,720	311,379
Office expenses	159,128	54,530	213,658	32,692	1,083	33,775	112,916
Equipment	22,611	6,265	28,876	46,608		46,608	24,436
Facilities expense	827,408	229,248	1,056,656	32,680		32,680	798,236
Recruitment	20,122	5,575	25,697			0	36,610
Professional development	12,308	3,410	15,718			0	15,447
Insurance	36,267	12,563	48,830	4,799	261	5,060	24,619
Other expenses	5,356	1,484	6,840	24,761		24,761	18,573
Depreciation	97,422	26,992	124,414	3,848		3,848	62,359
Total expenses	<u>\$3,771,822</u>	<u>\$1,236,348</u>	<u>\$5,008,170</u>	<u>\$807,370</u>	<u>\$18,978</u>	<u>\$826,348</u>	<u>\$3,701,479</u>

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

**FORTE PREPARATORY ACADEMY CHARTER SCHOOL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
(With comparative totals for the year ended June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19*</u>
Cash flows from operating activities:		
Change in net assets	\$608,564	\$932,869
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	128,262	62,359
Changes in assets and liabilities:		
Grants receivable/advance - New York City Department of Education	27,183	(15,197)
Government grants receivable	291,375	(288,840)
Prepaid expenses and other assets	13,889	(20,100)
Security deposit	(215,635)	(220,000)
Accounts payable and accrued expenses	77,198	139,671
Government grant advances	148,875	0
Paycheck Protection Program loan	525,777	0
Total adjustments	<u>996,924</u>	<u>(342,107)</u>
Net cash flows provided by operating activities	<u>1,605,488</u>	<u>590,762</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	<u>(232,480)</u>	<u>(221,786)</u>
Net cash used for investing activities	<u>(232,480)</u>	<u>(221,786)</u>
Net increase in cash and cash equivalents	1,373,008	368,976
Cash and cash equivalents - beginning of year	<u>495,054</u>	<u>126,078</u>
Cash and cash equivalents - end of year	<u><u>\$1,868,062</u></u>	<u><u>\$495,054</u></u>
Reconciliation to Statement of Financial Position:		
Cash and cash equivalents	\$1,793,054	\$445,051
Restricted cash	<u>75,008</u>	<u>50,003</u>
Total cash and cash equivalents	<u><u>\$1,868,062</u></u>	<u><u>\$495,054</u></u>

No taxes or interest were paid.

\* Reclassified for comparative purposes

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

**FORTE PREPARATORY ACADEMY CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 1 - Organization**

Forte Preparatory Academy Charter School (the "School") located in Queens, New York, is a not-for-profit education corporation chartered by the Board of Regents of the State of New York. Through rigorous academics, quality instruction, and a positive culture of individual and collective responsibility, the School equips all students in grades 5 through 8 to excel in college preparatory high schools and use their leadership and voice to change the world. The School completed the 2019-2020 fiscal year with an average enrollment of approximately 267 students. The School is a publicly funded, privately managed school, which is independent of the New York City Department of Education ("NYCDOE"). On October 11, 2016, the School was granted a provisional charter for a term up to and including June 30, 2022.

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

**Note 2 - Summary of Significant Accounting Policies**

a. Basis of Accounting

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

Effective July 1, 2019 the School adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective July 1, 2019, the School adopted ("ASU") No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, the School evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, the Organization applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

For contributions, the School evaluates whether contributions are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for the School to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way the School recognizes revenue.

b. Basis of Presentation

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

- *Net Assets Without Donor Restrictions* – represents all activity without donor-imposed restrictions.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors for a specific purpose or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. Donor restricted contributions, the requirements of which are met in the year of donation, are reported as net assets without donor restrictions. See Note 7.

c. Revenue Recognition

Contributions and government grants are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

The School's public-school district revenue and other government grants are primarily conditional, non-exchange transactions and fall under Topic 605. Revenue from these transactions is recognized based on rates established by the School's funding sources and when performance related outcomes are achieved as well as other conditions under the agreements are met. The difference between cash received and revenue recognized is reflected as government grants receivable or refundable advances.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. Pledges are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2020 or June 30, 2019. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollectable.

d. Cash and Cash Equivalents

The School considers all liquid investments purchased with a maturity of three months or less to be cash and cash equivalents. Restricted cash has been classified separately.

e. Concentration of Credit

Financial instruments, which potentially subject the School to concentration of credit risk, consist of cash accounts, which have been placed with financial institutions that management deems to be creditworthy. At year end and at various times throughout the year, balances were in excess of insured amounts. However, the School has not experienced any losses due to bank failure.

f. Capitalization Policy

Computer hardware, furniture, equipment, and leasehold improvements are capitalized 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 life of the respective assets as follows:

Computers and equipment – *3 years*

Furniture and fixtures – *5 years*

Leasehold improvements – *Life of lease*

g. Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the School. These services do not meet the criteria outlined above and have not been recorded 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. Such allocations are determined by management on an equitable basis.

Salaries were allocated using time and effort as the basis. The following costs were allocated using salary allocation as the basis:

- Payroll taxes and benefits
- Office expenses
- Insurance

Certain program expenses have been allocated between Regular Education and Special Education based on student FTE rates. Depreciation and facilities expenses are allocated according to usage by square foot. All other expenses have been charged directly to the applicable program or supporting services.

- 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. Contingencies  
Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves. Any disallowed costs would be recorded in the period notified.
- k. Accounting for Uncertainty in Income Taxes  
The School does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2017, the School's initial filing, and later are subject to examination by applicable taxing authorities.
- l. Comparative Financial Information  
The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2019 from which the summarized information was derived.
- m. Subsequent Events  
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 26, 2020, the date the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or further disclosure in the financial statements have been made.
- n. New Accounting Pronouncement  
FASB issued ("ASU") No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.  
  
FASB issued ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line item presentation on the statement of activities and additional disclosures.

The School is in the process of evaluating the impact these standards will have on future financial statements.

**Note 3 - Grants Receivable/(Advances) - New York City Department of Education**

	<u>6/30/20</u>	<u>6/30/19</u>
Beginning grant receivable	\$15,197	\$0
Prior year FTE adjustment	(15,197)	0
Per pupil funding:		
Funding based on allowable FTE's	5,154,704	3,178,847
Advances received	<u>(5,166,690)</u>	<u>(3,163,650)</u>
Prior year FTE adjustment		
Ending grant (advance)/receivable	<u>(11,986)</u>	<u>\$15,197</u>

**Note 4 - Restricted Cash**

An escrow account has been established to meet the requirement of the Board of Regents of the State of New York. 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 5 - Fixed Assets**

Fixed assets consist of the following:

	<u>6/30/20</u>	<u>6/30/19</u>
Furniture and equipment	\$564,557	\$369,627
Leasehold improvements	<u>37,550</u>	<u>0</u>
	602,107	369,627
Less: accumulated depreciation	<u>(221,895)</u>	<u>(93,633)</u>
Total fixed assets, net	<u>\$380,212</u>	<u>\$275,994</u>

**Note 6 - Paycheck Protection Program Loan**

During the year ended June 30, 2020 the School obtained a loan from the SBA in the amount of \$525,777 through the Paycheck Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are not less than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a five-year period, with a six-month deferral of payments and interest will accrue at 1%. The loan forgiveness amount has not been determined as of the date of these financial statements.

The School expects to recognize revenue from this loan consistent with ASU 2018-08, as it is considered to have traits similar to a conditional contribution. However, the School will continue to review whether any new accounting pronouncements may be issued that will provide more definitive guidance.

**Note 7 - Net Assets With Donor Restrictions**

During the year ended June 30, 2020, all donor restricted contributions received totaled \$45,000 which is for emergency assistance for program participants due to the pandemic. No assistance was distributed as of year-end; therefore, no releases were made. There were no contributions with donor restrictions received during the year ended June 30, 2019.

**Note 8 - Significant Concentrations**

The School is dependent upon grants from the NYCDOE to carry out its operations. Approximately 96% and 86% of the School's total public support and revenue was from NYCDOE for the years ended June 30, 2020 and 2019, respectively. If the NYCDOE were to discontinue funding, it would have a severe economic impact on the School's ability to operate.

**Note 9 - Commitments**

The School occupied space in Queens, New York under a lease agreement that expired on June 30, 2020. During the year ended June 30, 2019, the School entered into a lease agreement for a new School facility that expires on June 30, 2030. The lease commenced on July 1, 2020.

Future minimum payments under this lease agreements are as follows:

Year ending:	June 30, 2021	\$1,323,269
	June 30, 2022	1,378,910
	June 30, 2023	1,420,596
	June 30, 2024	1,446,030
	June 30, 2025	1,489,395
	Thereafter	<u>8,144,323</u>
Total		<u>\$15,202,523</u>

**Note 10 - Retirement Plan**

The School has a retirement plan under Section 403(b) of the Internal Revenue Code. All employees are immediately eligible to participate and may elect to defer a portion of their salary and contribute to this plan up to statutory amounts. Full time employees receive an employer base contribution equal to 100% of the salary reduction contributions made by the employee for the calendar year, not to exceed 3% of the employee's salary.

The School contributed \$21,950 for the year ended June 30, 2020. There were no employee contributions to the plan during the year ended June 30, 2019, therefore, the School did not provide any matching contributions. The following vesting periods apply:

<u>Period</u>	<u>Vesting Percentage</u>
Less than 2 years	0%
3 years or more	100%

**Note 11 - Availability and Liquidity**

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

Cash and cash equivalents	\$1,793,054	
Government grants receivable	<u>\$111,292</u>	
Total financial assets		\$1,904,346
Less amounts not available for general expenditures:		
Amounts included as financial assets that are restricted for future programs and periods		<u>(45,000)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$1,859,346</u>

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

**Note 12 - Other Matters**

In January 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Since then, the pandemic has led to quarantines, facility closures, and travel and logistics restrictions that have hurt workforces, economies, and financial markets. These events could adversely affect the School by potentially impacting the funding it receives, limiting program operations, depressing demand for its services, and disrupting its students, staff, and suppliers. As of the date of these financial statements, the potential impact of these events on the School cannot be quantified.

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

**Independent Auditor's Report**

To the Board of Trustees of  
Forte Preparatory Academy Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Forte Preparatory Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020, 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 26, 2020.

***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.

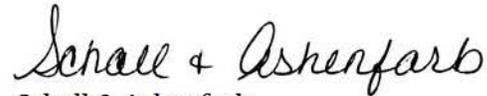
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

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

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

October 26, 2020

**FORTE PREPARATORY ACADEMY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2020**

Current Year:

None

Prior Year:

None – There were no findings in the prior year.