



MBAF CPAs, LLC
600 Third Avenue, 3rd Floor
New York, NY 10016

This representation letter is provided in connection with your audit of the financial statements of LEEP Dual Language 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 period from November 6, 2018 (date of inception) to June 30, 2020, and the related notes to the financial statements, for the purpose of expressing an opinion on 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 the 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.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter as signed below, the following representations made to you during your audit:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 8, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- With regard to nonaudit services performed by you, we acknowledge our responsibility to:
 - a. Assume all management responsibilities;
 - b. Oversee the services by designating an individual who possesses suitable skill, knowledge, or experience;
 - c. Evaluate the adequacy and results of the services performed; and
 - d. Accept responsibility for the results of the services.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The School has no plans or intentions that may materially affect the carrying value or classifications of assets, liabilities, or net asset balances.

- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have accurately presented the School's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the School is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- We have included in the financial statements all assets and liabilities under the School's control.
- With respect to the preparation of the School's Form 990, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the services performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

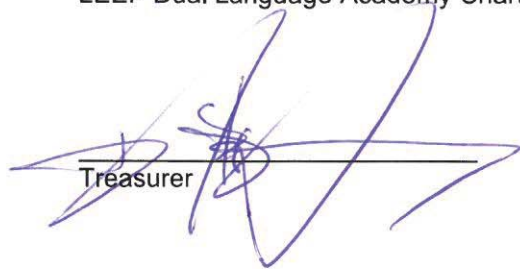
- We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have provided you with all board minutes as of the report date of the financial statements and there are no other minutes.
- 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.
- 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.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the School's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 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.
- There were no designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
- We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the

event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

- We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- Contributed services are only recorded as contributions in kind, at their fair value, provided they meet the criteria for recognition. No donated services and goods were received during the period from November 6, 2018 (date of inception) to June 30, 2020.
- We are not aware of any pending or threatened 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, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- During the period from November 6, 2018 (date of inception) to June 30, 2020, the NYCDOE owed the School Title I, Title II, Special Charter School Aid, and CSP grant funds totaling \$98,144.
- We have approved the allocation of functional expense between program service performances, management and general and fundraising expenses. This allocation has been properly disclosed in the financial statements.
- We are aware and are in compliance with the Federal Funding Accountability and Transparency Act reporting requirements and reporting timeline for awards that fall within the tiered reporting requirements.
- We have disclosed to you the identity of the School's related parties and all the related party relationships and transactions of which we are aware.
- The School 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.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification TM (ASC) 450, *Contingencies*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC-450.
- 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.
- LEEP Dual Language Academy 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. All required filings with tax authorities are up-to-date.
- We acknowledge our responsibility for presenting the financial statements in accordance with U.S. GAAP, and we believe the financial statements, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the financial statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

- We have approved all standard, adjusting or correcting journal entries to our financial statements proposed to you.
- We have approved a draft of the financial statements.
- We acknowledge the communication to the board of trustees which includes your recommendations.
- We are aware that Marc Taub is the engagement partner and is responsible for supervising the engagement and signing the report.

Very truly yours,
LEEP Dual Language Academy Charter School



Treasurer

10/22/2020
(Date)

Executive Director

(Date)

LEEP DUAL LANGUAGE ACADEMY CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2020

LEEP DUAL LANGUAGE ACADEMY CHARTER SCHOOL

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
LEEP Dual Language Academy Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of LEEP Dual Language 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 period from November 6, 2018 (date of inception) to June 30, 2020, 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 of 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 School'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 School'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 LEEP Dual Language Academy Charter School as of June 30, 2020, and the changes in its net assets and its cash flows for the period from November 6, 2018 (date of inception) to June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As further discussed in Note 8 to the financial statements, a global pandemic has been declared by the World Health Organization as a result of the rapidly growing outbreak of the coronavirus, COVID-19. The extent and ultimate impact of COVID-19 on the School's operating and financial performance cannot be predicted at this time. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2020, on our consideration of LEEP Dual Language Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 LEEP Dual Language Academy Charter School's internal control over financial reporting and compliance.

MBAF CPAs, LLC

New York, NY
October 22, 2020

LEEP DUAL LANGUAGE ACADEMY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

ASSETS

Cash	\$ 179,026
Cash - restricted	73,781
Grants and other receivables	211,452
Prepaid expenses and other assets	115,059
Property and equipment, net	557,199
TOTAL ASSETS	\$ 1,136,517

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 87,866
Accrued salaries and other payroll related expenses	82,314
Due to NYC Department of Education	3,426
Obligation under capital lease	90,193
Line of credit	305,226
Paycheck Protection Program loan payable	422,665
TOTAL LIABILITIES	991,690

NET ASSETS

Net assets - without donor restrictions	134,827
Net assets - with donor restrictions	10,000
TOTAL NET ASSETS	144,827
TOTAL LIABILITIES AND NET ASSETS	\$ 1,136,517

The accompanying notes are an integral part of these financial statements.

LEEP DUAL LANGUAGE ACADEMY CHARTER SCHOOL

STATEMENT OF ACTIVITIES

FOR THE PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

OPERATING REVENUE WITHOUT DONOR RESTRICTIONS

State and local per pupil operating revenue	\$ 2,186,315
Government grants and contracts	1,484,517
	<u>3,670,832</u>

EXPENSES

Program services	
General education	2,304,898
Special education	732,803
Management and general	1,170,083
	<u>4,207,784</u>

DEFICIT FROM SCHOOL OPERATIONS	<u>(536,952)</u>
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SUPPORT AND OTHER INCOME

Contributions and other grants	669,376
Interest income	131
Other income	2,272
	<u>671,779</u>

INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>134,827</u>
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CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Grants	<u>10,000</u>
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INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>10,000</u>
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CHANGE IN NET ASSETS	144,827
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NET ASSETS - BEGINNING OF PERIOD	<u>-</u>
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NET ASSETS - END OF PERIOD	<u>\$ 144,827</u>
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The accompanying notes are an integral part of these financial statements.

LEEP DUAL LANGUAGE ACADEMY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

	No. of Positions	Program Services			Supporting Services	
		General Education	Special Education	Total	Management and General	2020
Personnel service costs						
Administrative staff personnel	7	\$ 306,426	\$ 75,377	\$ 381,803	\$ 305,760	\$ 687,563
Instructional personnel	19	741,403	346,641	1,088,044	78,358	1,166,402
Total salaries and staff	26	1,047,829	422,018	1,469,847	384,118	1,853,965
Fringe benefits and payroll taxes		197,363	48,549	245,912	105,404	351,316
Retirement benefits		547	135	682	292	974
Legal services		-	-	-	91,237	91,237
Audit services		-	-	-	4,000	4,000
Other purchased, professional, and consulting services		99,330	24,434	123,764	200,993	324,757
Board expense		3,331	819	4,150	1,779	5,929
Building rent		311,304	76,577	387,881	166,256	554,137
Repairs and maintenance		68,696	16,898	85,594	36,688	122,282
Insurance		33,011	8,120	41,131	17,630	58,761
Utilities		16,342	4,020	20,362	8,728	29,090
Supplies and materials		143,243	36,797	180,040	-	180,040
Equipment and furnishings		15,503	3,814	19,317	8,280	27,597
Professional development		19,553	4,810	24,363	10,443	34,806
Student and staff recruitment		88,972	21,886	110,858	47,516	158,374
Information technology		48,547	11,942	60,489	25,927	86,416
Student services		97,500	23,984	121,484	-	121,484
Office expense		25,470	6,265	31,735	13,603	45,338
Travel and conferences		4,359	1,072	5,431	2,328	7,759
COVID-19 expenses		8,338	2,051	10,389	4,453	14,842
Depreciation and amortization		31,974	7,865	39,839	17,076	56,915
Other		43,686	10,747	54,433	23,332	77,765
		\$ 2,304,898	\$ 732,803	\$ 3,037,701	\$ 1,170,083	\$ 4,207,784

The accompanying notes are an integral part of these financial statements.

LEEP DUAL LANGUAGE ACADEMY CHARTER SCHOOL

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM NOVEMBER 6, 2018 (DATE OF INCEPTION) TO JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from operating revenue	\$ 3,462,806
Cash paid to employees and suppliers	(4,095,748)
Cash received from interest income	131
Other cash received	681,648
NET CASH PROVIDED BY OPERATING ACTIVITIES	48,837
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(469,934)
NET CASH USED IN INVESTING ACTIVITIES	(469,934)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from line of credit	605,236
Repayment of line of credit	(300,010)
Proceeds from Paycheck Protection Program loan	422,665
Payments on obligation under capital lease	(53,987)
NET CASH PROVIDED BY FINANCING ACTIVITIES	673,904
NET INCREASE IN CASH	252,807
CASH AND CASH - RESTRICTED - BEGINNING OF PERIOD	-
CASH AND CASH - RESTRICTED - END OF PERIOD	\$ 252,807
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$ 144,827
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	56,915
Changes in operating assets and liabilities:	
Grants and other receivables	(211,452)
Prepaid expenses and other assets	(115,059)
Accounts payable and accrued expenses	87,866
Accrued salaries and other payroll related expenses	82,314
Due to NYC Department of Education	3,426
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 48,837
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:	
Equipment acquired by incurring capital lease obligations	\$ 144,180
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash and Cash - Restricted Consists of:	
Cash	\$ 179,026
Cash - restricted	73,781
	\$ 252,807
Cash paid during the period for:	
Interest	\$ 51,595

The accompanying notes are an integral part of these financial statements.

LEEP DUAL LANGUAGE ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

1. NATURE OF THE ORGANIZATION

LEEP Dual Language Academy Charter School (the "School") is a not-for-profit public charter school located in Sunset Park, Brooklyn, New York pursuant to Article 56 of the Educational Law of the State of New York. On November 6, 2018, the Board of Regents of the University of the State of New York granted the School a provisional charter valid for a term of five years and renewable upon expiration. The School opened in the Fall of 2019 and currently operates classes for students in kindergarten and first grade.

The School is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC") as an organization described in Section 501(c)(3) of the IRC and a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii) of the IRC. The School, located in Brooklyn, primarily educates children residing in District 15.

The School's primary sources of income are government grants, contracts, and per pupil funding.

The New York City Department of Education ("NYCDOE") provides free transportation directly to a majority of the School's students. The School provides free lunch to all of the School's students.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The School's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The classification of the School's net assets and its support, revenues, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets – with donor restrictions or without donor restrictions – be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions. This net asset category includes both contributions not subject to donor restrictions and exchange transactions.

Cash – Restricted

An escrow account of \$73,781 is held aside for contingency purposes as required by the Board of Regents of the State University of New York.

LEEP DUAL LANGUAGE ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Other Receivables

Grants and other receivables represent unconditional promises to give by donors. Grants and other receivables that are expected to be collected within one year are recorded at net realizable value, and amount to \$211,452 at June 30, 2020. The School evaluates the collectability of the receivables and employs the allowance method. The School has determined that no allowance for uncollectible accounts for grants and other receivables is necessary as of June 30, 2020. Such estimate is based on management's assessments of the creditworthiness of its grantors, the aged basis of its receivables, as well as current economic conditions.

Revenue Recognition

Revenue from state and local governments resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the School when qualifying expenditures are incurred and billable. Funds received in advance for which qualifying expenditures have not been incurred, if any, are reflected as refundable advances from state and local government grants in the accompanying statement of financial position.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. When a purpose restriction is satisfied or when a time restriction expires, the contribution is reported as net assets released from restrictions and is recognized in changes in net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

The School receives a substantial portion of its support and revenue from the NYCDOE. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

Property and Equipment

Property and equipment are stated at cost and are depreciated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the life of the asset or the period covered by the charter. The School has established a \$3,000 threshold above which assets are evaluated to be capitalized. Property and equipment acquired with certain government contract funds is recorded as an expense pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

Impairment

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were recognized for the period ended June 30, 2020.

Advertising

The School expenses advertising costs as incurred. The School incurred \$158,374 of advertising costs for the period ended June 30, 2020, which is included in the accompanying statement of functional expenses under student and staff recruitment.

LEEP DUAL LANGUAGE ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications based upon benefits received.

Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

Subsequent Events

The School has evaluated events through October 22, 2020, which is the date the financial statements were available to be issued.

Income Taxes

The School follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, disclosure, and transition.

The School files informational returns in the federal jurisdictions. The School is subject to federal tax examinations for all fiscal years in which informational returns were filed.

The School believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. Management believes that its nonprofit status would be sustained upon examination.

Should there be interest on underpayments of income tax, the School would classify it as interest expense. The School would classify penalties in connection with underpayments of income tax as other expense.

Recent Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity.

The update is to be applied to the beginning of the year of implementation or retrospectively. In June 2020, the FASB issued an accounting standards update which defers the required effective date of the update for one year. As a result, entities may elect to adopt the update for annual reporting periods beginning after December 15, 2019, and for interim reporting periods beginning after December 15, 2020, with early application permitted. The School has elected the deferral and is currently evaluating the effect the update will have on its financial statements.

LEEP DUAL LANGUAGE ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

Lease Accounting

In February 2016, the FASB issued an accounting standards update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements, lessor accounting, and disclosures related to accounting changes and error corrections.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the School's presentation of comparative periods in the financial statements will continue to be in accordance with current lease accounting. The School is evaluating the method of adoption it will elect.

In June 2020, the FASB issued an accounting standards update which defers the required effective date of the update for one year. As a result, entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2021, and for interim reporting periods beginning after December 15, 2022, with early application permitted. The School has elected the deferral and is currently evaluating the effect the update will have on its financial statements, but expects upon adoption that the update will have a material effect on the School's financial condition due to the recognition of a right-of-use asset and related lease liability. The School does not anticipate the update having a material effect on its results of operations or cash flows, though such an effect is possible.

Contributed Nonfinancial Assets

In September 2020, the FASB issued an accounting standards update which amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021, and for interim reporting periods beginning after June 15, 2022. The School is currently evaluating the effect the update will have on its financial statements.

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The School maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The School's management meets monthly to address projected cash flows to meet its operational expenditures. The School's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

LEEP DUAL LANGUAGE ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES (CONTINUED)

Cash	\$	179,026
Cash - restricted		73,781
Grants and other receivables		<u>211,452</u>
Total financial assets		464,259
Less amounts unavailable for general expenditures within one year due to:		
Restricted by contract with time or purpose		<u>(78,781)</u>
Total financial assets available to management for general expenditures within one year	\$	<u>385,478</u>

At June 30, 2020, the School has no board designated net assets.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2020:

		<u>Estimated Useful Lives</u>
Furniture, fixtures, and equipment	\$ 15,605	7 years
Computers	25,481	3 years
Capital lease equipment	144,180	Life of lease
		Lesser of the life of the
		asset or the period
Leasehold improvements	<u>428,848</u>	covered by the charter
	614,114	
Less: accumulated depreciation and amortization	<u>(56,915)</u>	
	<u>\$ 557,199</u>	

Depreciation and amortization expense for the period ended June 30, 2020 was \$56,915.

5. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On April 17, 2020, the School received a loan in the amount of \$422,665 through the Paycheck Protection Program of the 2020 CARES Act ("PPP") administered by the Small Business Administration. The loan is due on April 17, 2022, and bears interest at 0.98 percent. Monthly payments of principal and interest commence on April 12, 2021. The School may prepay the loan at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for certain purposes, including payroll, benefits, rent, and utilities. Under the terms of the PPP, all or a portion of the loan may be forgiven based on certain requirements being met. The School is tracking the qualifying expenditures during the qualifying period to apply for loan forgiveness under the program by June 30, 2021. The School's management expects the loan to be fully forgiven.

LEEP DUAL LANGUAGE ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

6. LINE OF CREDIT

In February 2019, the School entered into a line of credit agreement with Raza Development Fund, Inc. ("Raza") for \$325,000. In June 2019, the line of credit was increased to \$724,000 and set to expire on September 1, 2020. The line of credit was used to bridge the School's Charter School Program Grant ("CSP Grant") for start-up expenses, including administrative salaries and benefits, purchased services, supplies and materials.

The outstanding balance of the line of credit was \$305,226 at June 30, 2020. Interest only was payable monthly at a fixed rate per annum of 7.50%. Any amount received from the CSP Grant were to be applied to the outstanding balance of the line of credit within five days of receipt or the expiration date, whichever occurs first. The line of credit was subsequently paid off on August 31, 2020.

Interest expense related to the line of credit amounted to \$43,159 for the period ended June 30, 2020 and is included in the accompanying statement of functional expenses under other expense.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of a time restricted grant to be used for school-specific management assistance needs totaling \$5,000 for the year ending June 30, 2021 and \$5,000 for the year ending June 30, 2022.

8. RISK MANAGEMENT

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

The School enters into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The impact of the outbreak of the COVID-19 coronavirus continues to rapidly evolve. The School cannot reasonably estimate the duration and severity of this pandemic; however, economic uncertainties have arisen which could have a material adverse impact on the School's activities, its financial position and its cash flows. The School believes they are taking appropriate actions to mitigate the negative impact.

9. CONCENTRATIONS

Financial instruments that potentially subject the School to a concentration of credit risk include cash accounts at a major financial institution that, at times, exceeded the Federal Deposit Insurance Corporation insured limit of \$250,000.

The School received approximately 51% of its total revenue from per pupil funding from the NYCDOE during the period ended June 30, 2020.

The School's grants and other receivables consist of three major grantors at June 30, 2020.

The School's payables consist of three major vendors at June 30, 2020.

LEEP DUAL LANGUAGE ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

10. COMMITMENTS

In May 2019, the School entered into a lease agreement with Sunset 5th LLC for the premises at 5323 5th Avenue, 2nd Floor, Brooklyn, NY 11220. On July 1, 2020, subsequent to year end, the lease was modified and extended through June 30, 2050 with Friends of LEEP Dual Language Academy Charter School, a related party of the School.

Friends of LEEP Dual Language Academy Charter School ("Friends of LEEP") is a not-for-profit organization dedicated to providing assistance to charter schools and other forms of alternative education including, but not limited to, LEEP Dual Language Academy Charter School. The School has entered into a sublease agreement with Friends of LEEP from July 1, 2020 to June 30, 2050. The future minimum rental and lease payment schedule includes amounts the School is contingently liable to Friends of LEEP.

The future minimum payments under the rental sublease are as follows:

<u>June 30,</u>	
2021	\$ 1,209,600
2022	1,561,959
2023	1,617,331
2024	1,672,837
2025	1,728,482
Thereafter	63,973,191
	<u>\$ 71,763,400</u>

Rent expense and occupancy costs for the period ended June 30, 2020 was \$554,137, which is included in the accompanying statement of functional expenses under building rent.

The School leases computers, furniture, fixtures, and equipment under an agreement that is classified as a capital lease. The cost of assets under capital leases is included in the accompanying statement of financial position as property and equipment and was \$144,180 at June 30, 2020. Accumulated amortization of the leased assets at June 30, 2020 was \$30,212. Amortization of assets under capital leases of \$30,212 for the period ended June 30, 2020 is included in depreciation expense.

The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of June 30, 2020 are as follows:

<u>June 30,</u>	
2021	\$ 34,108
2022	34,108
2023	34,108
2024	2,844
Total minimum lease payments	105,168
Less amount representing interest	14,975
	<u>\$ 90,193</u>

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

To the Board of Trustees
LEEP Dual Language Academy Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of LEEP Dual Language 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 period from November 6, 2018 (date of inception) to June 30, 2020, and the related notes to the financial statements and have issued our report thereon dated October 22, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the School in a separate letter dated October 22, 2020.



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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MBAF CPAs, LLC

New York, NY
October 22, 2020



Annual Financial Statement Audit Report

for Board of Regents Authorized Charter Schools

School Name:	LEEP Dual Language Academy Charter School
Date (Report is due Nov. 1):	November 1, 2020
Primary District of Location (If NYC select NYC DOE):	New York City Department of Education
If located in NYC DOE select CSD:	NYCSD #15
School Fiscal Contact Name:	Kyle Pellerin
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	MBAF Certified Public Accountants and Advisors
School Audit Contact Name:	Jimmy Vora
School Audit Contact Email:	[REDACTED]
School Audit Contact Phone:	[REDACTED]
Audit Period:	2019-20
Prior Year:	

The following items are required to be included:

- 1.) The independent auditor's report on financial statements and notes.
- 2.) Excel template file containing the Financial Position, Statement of Activities, Cash Flow and Functional Expenses worksheets.
- 3.) Reports on internal controls over financial reporting and on compliance.

The additional items listed below should be included if applicable. Please explain the reason(s) if the items are not included. Examples might include: a written management letter was not issued; the school did not expend federal funds in excess of the Single Audit Threshold of \$750,000; the management letter response will be submitted by the following date (should be no later than 30 days from the submission of the report); etc.

Item	If not included, state the reason(s) below (if not applicable fill in N/A):
Management Letter	
Management Letter Response	
Form 990	
Federal Single Audit (A-133)	N/A
Corrective Action Plan	N/A

LEEP Dual Language Academy Charter School
Statement of Financial Position
as of June 30

	<u>2020</u>	<u>-</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 179,026	\$ -
Grants and contracts receivable	211,452	-
Accounts receivables	-	-
Prepaid Expenses	115,059	-
Contributions and other receivables	-	-
Other current assets	-	-
TOTAL CURRENT ASSETS	<u>505,537</u>	<u>-</u>
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 557,199	\$ -
Restricted Cash	73,781	-
Security Deposits	-	-
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	<u>630,980</u>	<u>-</u>
TOTAL ASSETS	<u>1,136,517</u>	<u>-</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 91,292	\$ -
Accrued payroll, payroll taxes and benefits	82,314	-
Current Portion of Loan Payable	90,157	-
Due to Related Parties	-	-
Refundable Advances	-	-
Deferred Revenue	-	-
Other Current Liabilities	305,226	-
TOTAL CURRENT LIABILITIES	<u>568,989</u>	<u>-</u>
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ 332,508	\$ -
Deferred Rent	-	-
Due to Related Party	-	-
Other Long-Term Liabilities	90,193	-
TOTAL LONG-TERM LIABILITIES	<u>422,701</u>	<u>-</u>
TOTAL LIABILITIES	<u>991,690</u>	<u>-</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 134,827	\$ -
Temporarily restricted	10,000	-
Permanently restricted	-	-
TOTAL NET ASSETS	<u>144,827</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,136,517</u>	<u>-</u>

LEEP Dual Language Academy Charter School
Statement of Activities
as of June 30

	2020			-
	Unrestricted	Temporarily Restricted	Total	Total
OPERATING REVENUE				
State and Local Per Pupil Revenue - Reg. Ed	\$ 1,975,094	\$ -	\$ 1,975,094	\$ -
State and Local Per Pupil Revenue - SPED	211,221	-	211,221	-
State and Local Per Pupil Facilities Revenue	540,000	-	540,000	-
Federal Grants	944,517	-	944,517	-
State and City Grants	-	-	-	-
Other Operating Income	-	-	-	-
Food Service/Child Nutrition Program	-	-	-	-
TOTAL OPERATING REVENUE	3,670,832	-	3,670,832	-
EXPENSES				
Program Services				
Regular Education	\$ 2,304,898	\$ -	\$ 2,304,898	\$ -
Special Education	732,803	-	732,803	-
Other Programs	-	-	-	-
Total Program Services	3,037,701	-	3,037,701	-
Management and general	1,170,083	-	1,170,083	-
Fundraising	-	-	-	-
TOTAL EXPENSES	4,207,784	-	4,207,784	-
SURPLUS / (DEFICIT) FROM OPERATIONS	(536,952)	-	(536,952)	-
SUPPORT AND OTHER REVENUE				
Interest and Other Income	\$ 131	\$ -	\$ 131	\$ -
Contributions and Grants	669,376	10,000	679,376	-
Fundraising Support	-	-	-	-
Investments	-	-	-	-
Donated Services	-	-	-	-
Other Support and Revenue	2,272	-	2,272	-
TOTAL SUPPORT AND OTHER REVENUE	671,779	10,000	681,779	-
Net Assets Released from Restrictions / Loss on Disposal of Assets	\$ -	\$ -	\$ -	\$ -
CHANGE IN NET ASSETS	134,827	10,000	144,827	-
NET ASSETS - BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$ 134,827	\$ 10,000	\$ 144,827	\$ -

LEEP Dual Language Academy Charter School
Statement of Cash Flows

as of June 30

	<u>2020</u>	<u>-</u>
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (632,942)	\$ -
Revenues from School Districts	-	-
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	-	-
Grants Receivable	-	-
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	-	-
Accounts Payable	-	-
Accrued Expenses	-	-
Accrued Liabilities	-	-
Contributions and fund-raising activities	-	-
Miscellaneous sources	681,648	-
Deferred Revenue	-	-
Interest payments	131	-
Other	-	-
Other	-	-
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 48,837	\$ -
CASH FLOWS - INVESTING ACTIVITIES	\$	\$
Purchase of equipment	(469,934)	-
Other	-	-
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (469,934)	\$ -
CASH FLOWS - FINANCING ACTIVITIES	\$	\$
Principal payments on long-term debt	(353,997)	-
Other	1,027,901	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ 673,904	\$ -
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 252,807	\$ -
Cash at beginning of year	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 252,807	\$ -

LEEP Dual Language Academy Charter School
Statement of Functional Expenses
as of June 30

	No. of Positions	2020						
		Program Services			Supporting Services			
		Regular Education	Special Education	Other Education	Total	Fundraising	Management and General	Total
Personnel Services Costs		\$	\$	\$	\$	\$	\$	\$
Administrative Staff Personnel	7.00	306,426	75,377	-	381,803	-	305,760	687,563
Instructional Personnel	19.00	741,403	346,641	-	1,088,044	-	78,358	1,166,402
Non-Instructional Personnel	-	-	-	-	-	-	-	-
Total Salaries and Staff	26.00	1,047,829	422,018	-	1,469,847	-	384,118	1,853,965
Fringe Benefits & Payroll Taxes		197,363	48,549	-	245,912	-	105,404	351,316
Retirement		547	135	-	682	-	292	974
Management Company Fees		-	-	-	-	-	-	-
Legal Service		-	-	-	-	-	-	-
Accounting / Audit Services		-	-	-	-	-	91,237	91,237
Other Purchased / Professional / Consulting Services		99,330	24,434	-	123,764	-	4,000	4,000
Building and Land Rent / Lease		311,304	76,577	-	387,881	-	200,993	324,757
Repairs & Maintenance		68,696	16,898	-	85,594	-	166,256	554,137
Insurance		33,011	8,120	-	41,131	-	36,688	122,282
Utilities		16,342	4,020	-	20,362	-	17,630	58,761
Supplies / Materials		143,243	36,797	-	180,040	-	8,728	29,090
Equipment / Furnishings		15,503	3,814	-	19,317	-	-	180,040
Staff Development		23,912	5,882	-	29,794	-	8,280	27,597
Marketing / Recruitment		88,972	21,886	-	110,858	-	12,771	42,565
Technology		48,547	11,942	-	60,489	-	47,516	158,374
Food Service		-	-	-	-	-	25,927	86,416
Student Services		97,500	23,984	-	121,484	-	-	-
Office Expense		25,470	6,265	-	31,735	-	-	121,484
Depreciation		31,974	7,865	-	39,839	-	13,603	45,338
OTHER		55,355	13,617	-	68,972	-	17,076	56,915
Total Expenses		\$ 2,304,898	\$ 732,803	\$ -	\$ 3,037,701	\$ -	\$ 1,170,083	\$ 4,207,784



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

Board of Trustees
LEEP Dual Language Academy Charter School

We have performed the procedures enumerated below, which were agreed to by the management of LEEP Dual Language Academy Charter School (the "School") and the New York State Education Department ("NYSED") solely to assist the specified parties in evaluating the School's assertion to the NYSED that it has maintained compliance with the requirements of the Charter School Program ("CSP") grant and Federal and NYSED guidelines in managing the CSP grant for the period from January 1, 2019 through June 30, 2020. The School's management is responsible for these procedures. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the related results are as follows:

Procedure #1: We will obtain the detail of expenditures incurred for the period under review relating to the CSP grant from the School's accounting software and reconcile to the grant revenue recorded by the School. If the CSP grant revenue does not equal the grant expenditures, we will investigate the differences.

Result: MBAF obtained the detail of grant expenditures and reconciled to the grant revenue recorded without exception.

Procedure #2: We will obtain the NYSED approved CSP grant award information, including the budget and any amendments, to determine if the revenue and expenditures recorded for the period appear reasonable.

Result: MBAF obtained the NYSED approved CSP grant award information, including the budget and any amendments. MBAF noted the revenue and expenditures recorded in the period appear reasonable.

Procedure #3: We will select a sample of expenditures from the detail obtained in Procedure #1.

- a. Payroll – We will select 10 items or 10% of the total number of payroll items charged to the grant, whichever is less.
- b. Other expenses – We will select 10 items or 10% of the total number of payroll items charged to the grant, whichever is less.
- c. Using the above selected items, we will:
 - i. Determine if the expenditure is in accordance with the purpose of the grant and that pre-opening expenditures are charged to the pre-opening periods.
 - ii. Determine if the expenditure falls into an approved budget category.
 - iii. Determine if the expenditure was charged to the appropriate fiscal period.

Result: MBAF determined that each tested payroll and other expenditure was in accordance with the purpose of the grant, falls into an approved budget category, and was charged to the appropriate fiscal period, without exception.

Procedure #4: We will obtain FS-25 form(s) submitted to NYSED during the period under review and perform the following:

- a. Trace expenditures selected in Procedure #3 to requests for reimbursement. Determine that items requested for reimbursement had previously been expended or were expended within a month following the request for reimbursement. If items have not yet been requested for reimbursement, inquire of responsible charter school officials as to the plan for requesting reimbursement, and determine if a receivable is recorded, if appropriate.
- b. If FS-25 forms included amounts on Line 4 (Cash Expenditures Anticipated During Next Month), we will select one FS-25 and determine if funds were expended within one month following the date of the request.

Result: MBAF traced the sample expenditures mentioned above to requests for reimbursement, without exception. The School spent the funds prior to receipt. Accordingly, no determination that funds were expended within one month was necessary.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on these procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Board of Trustees and management of LEEP Dual Language Academy Charter School and the New York State Education Department, and it is not intended to be and should not be used by anyone other than the specified parties.

MBAF CPAs, LLC

New York, NY
October 22, 2020

New York State Education Department

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

2020-21 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	School district per-pupil tuition information is located on the State Aid website at https://stateaid.nysed.gov/charter/ . 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.

LEEP Dual Language Academy

PROJECTED BUDGET FOR 2019-2020

July 1, 2020 to June 30, 2021

Please Note: The student enrollment data is entered below in the Enrollment Section beginning in row 165. This will populate the data in row 10.

	PROGRAM SERVICES				SUPPORT SERVICES				TOTAL
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	FUNDRAISING	MANAGEMENT & GENERAL		
Total Revenue	4,428,469	1,281,136	-	269,000	-	-	-	-	5,978,605
Total Expenses	3,068,318	1,011,345	-	-	1,878,022	-	-	-	5,957,685
Net Income	1,360,151	269,791	-	269,000	(1,878,022)	-	-	-	20,920
Actual Student Enrollment	205	39	-	-	-	-	-	-	-
Total Paid Student Enrollment	205	39	-	-	-	-	-	-	244

	PROGRAM SERVICES				SUPPORT SERVICES				TOTAL
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	FUNDRAISING	MANAGEMENT & GENERAL		

REVENUE									
REVENUES FROM STATE SOURCES									
Per Pupil Revenue									
NYC Chancellor's Office									
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									
Rent Assistance									
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 Development)									
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									

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									

Assumptions

DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable

249 Target enrollment, assuming we hit 98% of target.

16% SPED Population

20,254 FAMS

20,282

103,708

10,069

Title II and Title IV

Estate

151,089

269,000

18,300

Contribution from Friends of LEEP, New School Venture Fund (\$124K), Calder (\$75K)

Estate

287,300

5,978,605

List exact titles and staff FTE's (Full time equivalent)

Principal, Executive Director, Deputy Exec Director

Director of Family Experience, Instructional Coach

185,480

Operations Manager

125,585

Asst

783,815

11 Lead Instructors

Four SPED Leads, one R11

20,000

1 PT sub

250,650

Four Specialty Teacher

LEEP Dual Language Academy

PROJECTED BUDGET FOR 2019-2020

July 1, 2020 to June 30, 2021

	PROGRAM SERVICES					SUPPORT SERVICES			TOTAL	DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER		
Total Revenue	4,428,489	1,281,136	-	269,000	-	-	-	-	5,978,605	
Total Expenses	3,068,318	1,011,345	-	-	1,878,022	-	-	-	5,957,685	
Net Income	1,360,151	269,791	-	269,000	(1,878,022)	-	-	-	20,920	
Actual Student Enrollment	205	39	-	-	-	-	-	-	-	
Total Paid Student Enrollment	205	39	-	-	-	-	-	-	244	

	PROGRAM SERVICES					SUPPORT SERVICES			TOTAL	DESCRIPTION OF ASSUMPTIONS - Please note assumptions when applicable
	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER	FUNDRAISING	MANAGEMENT & GENERAL	REGULAR EDUCATION	SPECIAL EDUCATION	OTHER		
Aides	100,738	20,712	-	-	-	-	-	-	129,450	3 assistant teachers
Therapists & Counselors	63,000	12,000	-	-	-	-	-	-	75,000	Interventionist
Other	-	-	-	-	-	-	-	-	-	
TOTAL INSTRUCTIONAL	994,619	548,861	-	-	-	-	-	-	1,541,470	
NON-INSTRUCTIONAL PERSONNEL COSTS										
Nurse	-	-	-	-	-	-	-	-	-	
Librarian	-	-	-	-	-	-	-	-	-	
Custodian	3,000	-	-	-	79,424	-	-	-	79,424	3 Custodian
Security	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
TOTAL NON-INSTRUCTIONAL	-	-	-	-	21,818	-	-	-	21,818	2 Bus Drivers
SUBTOTAL PERSONNEL SERVICE COSTS	1,176,647	681,623	-	-	668,356	-	-	-	2,426,626	
PAYROLL TAXES AND BENEFITS										
Payroll Taxes	90,013	44,407	-	-	51,120	-	-	-	185,540	6.2% SS and 1.45% Med
Fringe / Employee Benefits	145,180	71,756	-	-	82,470	-	-	-	299,415	Benefits for Staff
Retirement / Pension	28,129	12,913	-	-	14,842	-	-	-	55,884	3% retirement match
TOTAL PAYROLL TAXES AND BENEFITS	263,322	129,076	-	-	148,432	-	-	-	538,828	
TOTAL PERSONNEL SERVICE COSTS	1,439,969	810,699	-	-	816,788	-	-	-	2,965,454	
CONTRACTED SERVICES										
Accounting / Audit	-	-	-	-	18,500	-	-	-	18,500	Audit
Legal	-	-	-	-	55,500	-	-	-	55,500	Legal
Management Company Fee	-	-	-	-	-	-	-	-	-	
Nurse Services	-	-	-	-	-	-	-	-	-	
Food Service / School Lunch	-	-	-	-	-	-	-	-	-	
Payroll Services	-	-	-	-	62,920	-	-	-	62,920	HR and PR management
Special Ed Services	-	8,500	-	-	-	-	-	-	8,500	SPEL Consulting
Titliment Services (i.e. Title I)	-	-	-	-	-	-	-	-	-	
Other Purchased / Professional / Consulting	42,840	8,160	-	-	128,000	-	-	-	179,000	Finance consultant, Snow Removal, Erate Consultant
TOTAL CONTRACTED SERVICES	42,840	16,660	-	-	262,920	-	-	-	322,420	
SCHOOL OPERATIONS										
Board Expenses	-	-	-	-	3,350	-	-	-	3,350	
Classroom / Teaching Supplies & Materials	130,355	24,830	-	-	-	-	-	-	155,185	\$625 per student
Special Ed Supplies & Materials	-	-	-	-	-	-	-	-	-	
Textbooks / Workbooks	-	-	-	-	-	-	-	-	-	
Supplies & Materials other	7,337	1,380	-	-	-	-	-	-	8,717	\$35/student
Equipment / Furniture	36,325	6,919	-	-	-	-	-	-	43,244	Copiers, other Equip. \$175/student
Telephone	6,179	1,177	-	-	-	-	-	-	7,356	\$30/student
Technology	64,638	12,312	-	-	-	-	-	-	76,950	\$310/student - internet, blended learning software
Student Testing & Assessment	-	-	-	-	-	-	-	-	-	
Field Trips	79,800	15,200	-	-	-	-	-	-	95,000	\$380/student
Transportation (student)	-	-	-	-	-	-	-	-	-	
Student Services - other	71,216	13,565	-	-	-	-	-	-	84,781	Uniforms, after school programming, tutoring, athletics, summer school \$300/student
Office Expense	22,709	4,325	-	-	5,000	-	-	-	32,034	\$130/student
Staff Development	70,560	13,440	-	-	-	-	-	-	84,000	Staff training and development - \$330 student
Staff Recruitment	4,200	800	-	-	-	-	-	-	5,000	Advertisements for FY22 positions
Student Recruitment / Marketing	16,900	3,200	-	-	-	-	-	-	20,100	\$80/student in acquisition
School Meals / Lunch	-	-	-	-	-	-	-	-	-	
Travel (Staff)	10,752	2,048	-	-	5,000	-	-	-	17,800	\$70/student
Fundraising	-	-	-	-	-	-	-	-	-	
Other	30,270	7,480	-	-	394,092	-	-	-	440,842	\$394K contingency reserve for possible per pupil decrease, other misc. fees
TOTAL SCHOOL OPERATIONS	560,141	108,684	-	-	407,442	-	-	-	1,074,277	



JPMorgan Chase Bank, N.A.
P O Box 182051
Columbus, OH 43218-2051

May 30, 2020 through June 30, 2020

Account Number: [REDACTED]

CUSTOMER SERVICE INFORMATION

Web site: www.Chase.com
Service Center: **1-877-425-8100**
Deaf and Hard of Hearing: 1-800-242-7383
Para Espanol: 1-888-622-4273
International Calls: 1-713-262-1679

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LEEP DUAL LANGUAGE ACADEMY CHARTER
SCHOOL
5323 5TH AVE FL 2
BROOKLYN NY 11220-3110

SAVINGS SUMMARY

Chase Business Premier Savings

	INSTANCES	AMOUNT
Beginning Balance		\$353,774.10
Deposits and Additions	1	7.21
Electronic Withdrawals	3	-280,000.00
Ending Balance	4	\$73,781.31
Annual Percentage Yield Earned This Period		0.04%
Interest Paid This Period		\$7.21
Interest Paid Year-to-Date		\$56.55

Your monthly service fee was waived because you maintained an average savings balance of \$25,000 or more during the statement period.

TRANSACTION DETAIL

DATE	DESCRIPTION	AMOUNT	BALANCE
	Beginning Balance		\$353,774.10
06/01	05/30 Online Transfer To Chk ...7153 Transaction#:	-100,000.00	253,774.10
06/12	06/12 Online Transfer To Chk ...7153 Transaction#:	-90,000.00	163,774.10
06/23	06/23 Online Transfer To Chk ...7153 Transaction#:	-90,000.00	73,774.10
06/30	Interest Payment	7.21	73,781.31
	Ending Balance		\$73,781.31

30 deposited items are provided with your account each month. There is a \$0.40 fee for each additional deposited item.



May 30, 2020 through June 30, 2020

Account Number: [REDACTED]

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC FUNDS TRANSFERS: Call us at 1-866-564-2262 or write us at the address on the front of this statement (non-personal accounts contact Customer Service) immediately if you think your statement or receipt is incorrect or if you need more information about a transfer listed on the statement or receipt.

For personal accounts only: We must hear from you no later than 60 days after we sent you the FIRST statement on which the problem or error appeared. Be prepared to give us the following information:

- Your name and account number
- The dollar amount of the suspected error
- A description of the error or transfer you are unsure of, why you believe it is an error, or why you need more information.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days (or 20 business days for new accounts) to do this, we will credit your account for the amount you think is in error so that you will have use of the money during the time it takes us to complete our investigation

IN CASE OF ERRORS OR QUESTIONS ABOUT NON-ELECTRONIC TRANSACTIONS: Contact the bank immediately if your statement is incorrect or if you need more information about any non-electronic transactions (checks or deposits) on this statement. If any such error appears, you must notify the bank in writing no later than 30 days after the statement was made available to you. For more complete details, see the Account Rules and Regulations or other applicable account agreement that governs your account. Deposit products and services are offered by JPMorgan Chase Bank, N.A. Member FDIC



JPMorgan Chase Bank, N.A. Member FDIC
