

**Ascend Charter Schools Group**

**Financial Statements and  
Uniform Guidance Schedules**

**Together With Independent Auditors' Reports**

June 30, 2020 and 2019

# **Ascend Charter Schools G**

## **Financial Statements and GUniform Guidance Schedules Together With Independent Auditors' Reports G**

June 30, 2020 and 2019

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## Independent Auditors' Report

**Board of Trustees**  
**Ascend Charter Schools**

### Report on the Financial Statements

We have audited the accompanying financial statements of Ascend Charter Schools (the "School"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 upon the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

**Board of Tr tee o  
A cend Charter School o**  
Page 2

***Opinion o***

In ur pini n, the financial statements referred t ab ve present fairly, in all material respects, o the financial p siti n f the Sch l as f June 30, 2020 and 2019, and the changes in its net o assets and its cash fl ws f r the years then ended in acc rdance with acc unting principles o generally accepted in the United States f America. o

***Report on Supplementary Information o***

Our audits were c nducted f r the purp se f f rming an pini n n the financial statements as o a wh le. The acc mpanying schedules of activities and functi nal expenses by sch l, f r the year ended June 30, 2020 on pages 21 thr ugh 30 are presented f r purp ses f additi nal o analysis and are n t a required part f the financial statements. The acc mpanying schedule f expenditures f federal awards n page 31 as required by Title 2 U.S. *Code of Federal o Requirements Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Unif rm Guidance"), is presented f r purp ses f additi nal o analysis and is n t a required part f the financial statements. Such inf rmati n is the o resp nsibility f management and was derived fr m and relates directly t h o underlying acc unting and ther rec rds used t prepare the financial statements. The inf rmati n has o been subjected t the auditing pr cedures applied in the audit f the financial statements and certain additi nal pr cedures, including c mparing and rec nciling such inf rmati n directly t o the underlying acc unting and ther rec rds used t prepare the financial statements r t the o financial statements themselves, and ther additi nal pr cedures in acc rdance with auditing standards generally accepted in the United States f America. In ur pini n, the inf rmati n is o fairly stated, in all material respects, in relati n t the financial statements as a wh le. o

***Other Reporting Req ired by Government Auditing Standards o***

In acc rdance with *Government Auditing Standards*, we have als issued ur rep rt dated Oct ber 26, 2020, n ur c nsiderati n f the Sch l's internal c ntr l ver financial rep rting o and n ur tests f its c mpliance with certain pr visi ns f laws, regulati ns, c ntracts, and grant agreements and ther matters. The purp se f that rep rt is s lely t describe the sc pe o f ur testing f internal c ntr l ver financial rep rting and c mpliance and the results f that o testing, and n t t pr vide an pini n n the effectiveness f the Sch l's internal c ntr l ver financial rep rting r n c mpliance. That rep rt is an integral part f an audit perf rmed in o acc rdance with *Government Auditing Standards* in c nsidering the Sch l's internal c ntr l o ver financial rep rting and c mpliance.

*PKF O'Connor Davies, LLP*

Harris n, New Y rk o  
Oct ber 26, 2020 o

**Ascend Charter Schools**

Statements of Financial Position b

	J une 30,	
	2020	2019 b
<b>ASSETS</b>		
Rent Assets b		
Cash	\$ 13,010,845	\$ 12,535,301
Grants and contracts receivable b	2,993,848	1,242,978 b
Prepaid expenses	<u>938,908</u>	<u>262,154</u>
Total Rent Assets	16,943,601	14,040,433
Property and equipment, net b	11,775,583	9,331,930 b
Security deposits b	332,014	326,305
Restricted cash	<u>325,178b</u>	<u>250,199 b</u>
	<u><u>\$ 29,376,376 b</u></u>	<u><u>\$ 23,948,867 b</u></u>
<b>LIABILITIES AND NET ASSETS (DEFICIT) b</b>		
Rent Liabilities		
Accrued payable and accrued expenses	\$ 1,116,986	\$ 2,082,487
Accrued payroll and payroll taxes	5,116,070	3,256,437
Refundable advances	184,742	93,700
Loan payable, current portion	120,742	- b
Deferred rent, current portion	3,290,638	2,600,375
Debt to related parties	<u>1,787,896</u>	<u>676,740</u>
Total Rent Liabilities b	11,617,074	8,709,739
Debt to related party	947,317 b	947,317 b
Loan payable	2,171,855	- b
Deferred rent b	<u>19,707,101</u>	<u>15,689,949 b</u>
Total Liabilities	34,443,347	25,347,005
Net assets (deficit), without donor restrictions b	<u>(5,066,971) b</u>	<u>(1,398,138) b</u>
	<u><u>\$ 29,376,376</u></u>	<u><u>\$ 23,948,867</u></u>

**scend Charter Schools G**

Statements of Activities

	Year Ended June 30,	
	2020	2019 G
<b>OPERATING REVENUE</b>		
State and local per pupil operating revenue		
General and special education G	\$ 98,233,518	\$ 86,581,003
Facilities	12,056,551	9,620,148 G
Federal grants	5,349,574	5,795,101 G
Federal E-Rate and IDEA G	1,542,729 G	1,068,649 G
State and city grants G	465,111 G	410,559 G
 Total Operating Revenue G	 <u>117,647,483</u>	 <u>103,475,460 G</u>
<b>EXPENSES</b>		
Program Services G		
Regular education	76,139,561	64,169,383
Special education	21,969,938	20,165,857
Total Program Services G	<u>98,109,499</u>	<u>84,335,240</u>
Supporting Services		
Management and general	<u>22,870,470</u>	<u>19,806,649 G</u>
 Total Expenses	 <u>120,979,969</u>	 <u>104,141,889</u>
Deficit from Operations	<u>(3,332,486)</u>	<u>(666,429) G</u>
<b>SUPPORT AND OTHER REVENUE G</b>		
Contributions G	16,109 G	18,115 G
Rental income G	135,000G	135,000 G
Interest and other revenue	19,660	28,587
Total Support and Other Revenue G	<u>170,769 G</u>	<u>181,702 G</u>
 Write off of grants and contracts receivable G	 <u>(507,116)</u>	 -
Change in Net Assets	<u>(3,668,833) G</u>	<u>(484,727) G</u>
<b>NET SSES (DEFICI ) G</b>		
Beginning of year G	<u>(1,398,138) G</u>	<u>(913,411) G</u>
End of year G	<u>\$ G(5,066,971) G</u>	<u>\$ G(1,398,138) G</u>

See notes to financial statements G

## Ascend Charter Schools

Statement of Functional Expenses 2  
Year Ended June 30, 2000

	N 2 P osition	Regula r ducati on	Program Service	Management Indu stry	Total
	N 2 P osition	Regula r ducati on	Service	Indu stry	Total
Personnel Services Costs 2					
Administrative staff personnel 2	240	\$ 461,308 2	\$ 2896,9892	\$ ,358, 97 2	\$ 4,455 ,160 2
Instructional personnel 2	402	1,746,175 2	,987, 59 2	0,733,434 2	40,733,434 2
Non-instructional personnel 2	32	- 2	- 2	1,45 ,053 2	1,45 ,053 2
Total Salaries and Staff 2	<u>252</u>	<u>38, 07,483 2</u>	<u>0,884, 48 2</u>	<u>9,091,731 2</u>	<u>6,637,647 2</u>
Employee benefits and payroll taxes 2					
Professional fees 2					
Management fee 2					
Consultants - educational 2					
Legal fee 2					
Curriculum and classroom supplies 2					
Office supplies 2					
Non-capitalized furniture and equipment 2					
Leased equipment, furniture and fixtures 2					
Communication 2					
Occupancy					
Insurance 2					
Repairs and maintenance 2					
Security					
Marketing and recruitment 2					
Staff development 2					
Travel and meal 2					
Postage, printing and copying 2					
Dues and subscriptions 2					
Depreciation and amortization 2					
Interest 2					
Miscellaneous 2					
	<u>\$ 6,139,561 2</u>	<u>\$ 1,969,938</u>	<u>\$ 98,109,499</u>	<u>\$ 870,470 2</u>	<u>\$ 10,979,969 2</u>
Total Expense 2					

## Ascend Charter Schools

Statement of Functional Expenses  
Year Ended June 30, 2019

	N 5 5 P sti n 5	Pr gram Services 5 egula ducati	Pr gram Services 5 pecia ducati	ta 5	ta 5	Management 5 nd era	Management 5 nd era	tal
Pers nnel Services C sts 5								
Administrative staff pers nne 5	\$ 41,5 7	\$ ,417,819 5	\$ ,8 2,347 5	\$ 5270,166 5	\$ ,063,270 5	\$ 2,333,436 5		
Instructi nal pers nne	7 ,03,994 5	,00, 13 5	4,004, 07 5				34,004, 07 5	
N n-instructi nal pers nne 5	3 5	- 5	- 5	- 5	- 5	1,166,9 4	1,166,9 4	
T tal Salaries and Staff 5	49 5	30,921,813 5	0,3 2,860 5	1,274,673 5	,230,224 5	7, 04,897 5		
Employee benefits and payroll tax								
Professional fee	,198, 32	,37,993	,379,403				,6 0,113	
Management fee	,101,429	69,764	,36, 2				,2 8,391	
Consultants - education	1,722	4, 7	,771,193				2,233,827	
Legal fee				37,477			37,477	
Curriculum and classroom supplies	,9 6,938	1 ,487	,272,42			3,604	3,604	
Office supplies					,2,272,42			2,272,42
Non-capitalized furniture and equipment 5						00,748		00,748
Leased equipment, furniture and fixture						6, 67		84,960
Communication	67,177	82,482 5	,127,103 5			67,893 5		294,996 5
Occupancy	12,42 ,798 5	24,148	91,32			32,214		,023, 39
Insurance 5	81,274 5	,16 9 5	6, 99,201 5			,48, 912 5		9,08 ,113 5
Repairs and maintenance 5	36,3 1 5	43,410 5	,52,933 5			3 ,5 1		26,484 5
Security	91,0 9 5	7,42	79,761 5			1,7415		,131, 02 5
Marketing and recruitment 5	66,637 5	4,204 5	18,484 5			6, 31 5		3 ,501 5
Staff development 5	84,1 2 5	43,4215	40,841 5			9,7265		80, 67 5
Travel and meal 5	,030, 915	8,971 5	,389, 625			3,831 5		71,404 5
Postage, printing and copying 5	7,981	9,192	27,173			2,483 5		,432,04 5
Dues and subscriptions 5	38,300 5	9,4125	17,712 5			8,10		4 ,278
Depreciation and amortization 5	,069,1445	4,202 5	,423,346 5			7,776 5		6 ,488 5
Interest 5	04 5	3 5	37 5			16,8185		,640,164 5
Miscellaneous		- 5			- 5	8 5		5
Total Expense 5	<u>\$ 4,169,383 5</u>	<u>\$ 20,16 ,8 7</u>	<u>\$ 84,33 ,240</u>		<u>\$ 19,806,649 5</u>	<u>\$ 104,141,889 5</u>		

**Ascend Charter Schools**

Statements of Cash Flows (

	Year Ended June 30,	
	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES (</b>		
Change in net assets (	\$ 3,668,833)	\$ 484,727) (
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	2,151,464	,640,164
Deferred rent	4,707,415	,490,995
Write off of grants and contracts receivable (	507,116	-
Changes in operating assets and liabilities		
Grants and contracts receivable (	2,257,986)	,770,989
Prepaid expenses	676,754)	10,606)
Security deposits (	5,709)	3,250) (
Accounts payable and accrued expenses (	965,501) (	1,663
Accrued payroll and payroll taxes	1,859,633	27,173
Refundable advances	91,042	,455
Due to related party	1,111,156	1,625,513) (
Net Cash from Operating Activities	<u>2,853,043</u> (	<u>6,500,343</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY (</b>		
Purchase of property and equipment (	<u>4,595,117)</u>	<u>2,850,005) (</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES (</b>		
Proceeds from loan payable	2,292,507	- (
Payments of loan payable - related party	- (	400,000)
Net Cash from Financing Activities	<u>2,292,597</u>	<u>400,000) (</u>
Net Change in Cash and Restricted Cash (	550,523	,250,338
<b>CASH AND RESTRICTED CASH (</b>		
Beginning of year	<u>12,785,500</u> (	<u>9,535,162</u> (
End of year (	<u>\$ 13,336,023</u> (	<u>\$ 12,785,500</u> (
The following table provides a reconciliation of cash and restricted cash within the statements of financial position: (		
Cash	\$ 3,010,845	\$ 2,535,301
Restricted cash	325,178	250,199 (
	<u>\$ 13,336,023</u>	<u>\$ 12,785,500</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION(</b>		
Cash paid during the year for interest	\$ 23,361	\$ 155 (

See notes to financial statements (

## **Ascend Charter Schools**

### **Notes to Financial Statements 0 June 3 , 2 2 and 2 19**

#### **1. Organization and Status**

Ascend Charter Schools (collectively the “School”) is a New York State, not-for-profit educational corporation that was incorporated to operate a Charter School pursuant to Article 56 of the Education Law of the State of New York. The School’s mission is to equip their students with the knowledge, confidence and character to succeed in college and beyond.

The accompanying financial statements include the following charter schools collectively forming the School:

Brooklyn Ascend Charter School (“Brooklyn Ascend”) – Brooklyn Ascend was granted a provisional charter on January 15, 2 8 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. Brooklyn Ascend obtained a renewal to its charter expiring on June 3 , 2 23.

Brownsville Ascend Charter School (“Brownsville Ascend”) – Brownsville Ascend was granted a provisional charter on January 13, 2 9 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. Brownsville Ascend obtained a renewal to its charter expiring on June 3 , 2 22.

Bushwick Ascend Charter School (“Bushwick Ascend”) – Bushwick Ascend was granted a provisional charter on February 9, 2 1 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. Bushwick Ascend obtained a renewal to its charter expiring on June 3 , 2 23.

Canarsie Ascend Charter School (“Canarsie Ascend”) – Canarsie Ascend was granted a provisional charter on September 13, 2 11 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. Canarsie Ascend obtained a renewal to its charter expiring on July 31, 2 23.

Central Brooklyn Ascend Charter School (“Central Brooklyn Ascend”) – Central Brooklyn Ascend was granted a provisional charter on January 1, 2 13 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. Central Brooklyn Ascend obtained a renewal to its charter expiring on July 31, 2 24.

Cypress Hills Ascend Charter School (“Cypress Hills Ascend”) – Cypress Hills Ascend was granted a provisional charter on July 19, 2 17 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. This charter will expire on July 31, 2 23

East Brooklyn Ascend Charter School (“East Brooklyn Ascend”) – East Brooklyn Ascend was granted a provisional charter on July 19, 2 17 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. This charter will expire on July 31, 2 23.

## **Ascend Charter Schools**

Notes to Financial Statements 0  
June 3 , 2 2 and 2 19

### **1. Organization and Status (*continued*)**

East Flatbush Ascend Charter School ("East Flatbush Ascend") – East Flatbush Ascend was granted a provisional charter on October 19, 2 18 valid for terms of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. This charter will expire on October 31, 2 24. 0

Lefferts Gardens Ascend Charter School ("Lefferts Gardens Ascend") – Lefferts Gardens Ascend was granted a provisional charter on October 19, 2 18 valid for terms of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. This charter will expire on October 31, 2 24.

On March 8, 2 19, the School was granted a provisional charter to operate Brooklyn Ascend Charter School 6, valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. Classes are scheduled 0 to commence in September 2 21.

The School provided education to approximately 5,425 students in kindergarten through twelfth grades during the 2 018-2 2 academic year.

The School uses two outside vendors to serve breakfast and lunch to its students through Brownsville Ascend, who files for reimbursement of expenses through the New York State and Federal school food program. The School covers the cost of breakfast and lunch for 0 families who experience hardship and who do not qualify for free or reduced meals. The 0 Office of Pupil Transportation provides free transportation to some of the students. 0

Except for taxes that may be due for unrelated business income, the School is exempt from 0 federal income taxes under Section 5 1(c)(3) of the Internal Revenue Code and from state 0 and local income taxes under comparable laws. 0

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

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

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require 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 0 period. Accordingly actual results could differ from those estimates. 0

## **Ascend Charter Schools**

Notes to Financial Statements 0  
June 3 , 2 2 and 2 19

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

#### ***Adoption of New Accounting Policies***

##### ***Recognition of Contributions***

Effective July 1, 2 19, the School adopted Accounting Standards Update (“ASU”) 2 18- 8, 0 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This guidance provides a framework for evaluating whether 0 contributions and grants should be accounted for as exchange transactions or as 0 nonexchange transactions. Analysis of various provisions of this standard resulted in no 0 significant changes in the way the School recognizes contributions and grants, and therefore no changes to the previously issued audited financial statements were required on a 0 retrospective basis. 0

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

In November 2 16, the Financial Accounting Standards Board issued ASU 2 16-18, 0 Statement of Cash Flows (Topic 23 ): Restricted Cash. ASU 2 16-18 requires significant 0 changes regarding how restricted cash is classified and presented on the statement of cash 0 flows. On July 1, 2 19, the School adopted the new guidance regarding the presentation 0 and classification of restricted cash. The guidance requires the School to 1) include 0 restricted cash and restricted cash equivalents in the cash and cash equivalent balances on 0 the statements of cash flows, 2) provide a reconciliation between the statements of financial 0 position and the statements of cash flows when more than one line item for cash, cash 0 equivalents, restricted cash, and restricted cash equivalents is presented on the statements 0 of financial position, 3) eliminate the presentation of transfers between restricted cash and 0 cash, and 4) include disclosures about the nature of the restrictions for material balances. 0 Adoption of the ASU resulted in a change in the accounting for restricted cash on the 0 statements of cash flows. 0

##### ***Net Assets Presentation***

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows: 0

*Net assets without donor restrictions* - consist of resources available for the general 0 support of the School’s operations. Net assets without donor restrictions may be used at the discretion of the School’s management and/or the Board of Trustees.

*Net assets with donor restrictions* – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, 0 that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in 0 the statements of activities as net assets released from restrictions. The School had no 0 net assets with donor restrictions at June 3 , 2 2 and 2 19. 0

## **Ascend Charter Schools**

Notes to Financial Statements 0  
June 3 , 2 2 and 2 19

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

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

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

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

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$2,500 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Minor costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case such assets are expensed as incurred.

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

Computers and technology	3 years
Equipment	3 and 5 years
Furniture and fixtures	5 and 7 years
Software	3 years
Website development	3 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount of the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 3 , 2 2 and 2 19.

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

The School records certain government grants and contracts as refundable advances until the related services are performed, at which time it is recognized as revenue.

#### ***Deferred Rent***

The School records its rent in accordance with U.S. GAAP whereby all rental payments, including fixed rent increases, are recognized on a straight-line basis. The difference between the straight-line rent expense and the required lease payments, as well as any unamortized lease incentives, is reflected in deferred rent in the accompanying statements of financial position.

## **Ascend Charter Schools 0**

Notes to Financial Statements 0  
June 3 , 2 2 and 2 19

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

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

Revenue from state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in 0 accordance with the charter agreement. Federal and other state and local funds are 0 recorded when expenditures are incurred and billable to the government agency.

Contributions are recognized when the donor makes a promise to give to the School that is, 0 in substance, unconditional. Grants and other contributions of cash are reported as net 0 assets with donor restrictions if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are 0 recorded as net assets without donor restrictions. Contributions of assets other than cash 0 are recorded at their estimated fair value at the date of donation.

#### ***Marketing and Recruiting*** 0

Marketing and recruiting costs are expensed as incurred for staff and student recruitment. 0 Marketing and recruiting expense for the years ended June 3 , 2 2 and 2 19 was \$219, 58 and \$38 ,567. 0

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

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the 0 School to be appropriate.

#### ***Accounting for Uncertainty in Income Taxes*** 0

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no 0 uncertain tax positions that would require financial statement recognition or disclosure. The 0 School is no longer subject to examinations by the applicable taxing jurisdictions for years 0 prior to June 3 , 2 17. 0

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

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, 0 which date is October 26, 2 2 .

### **3. Grants and Contracts Receivable**

Grants and contracts receivable consist of federal, state, city entitlements and grants. The School expects to collect these receivables within one year. Management has assessed the 0 need for an allowance and has determined that such an allowance is not necessary.

## **Ascend Charter Schools 0**

### **Notes to Financial Statements 0 June 3 , 2 2 and 2 19**

#### **4. Related Party Transactions (not disclosed elsewhere)**

The School is an affiliate of Ascend Learning, Inc. ("Ascend"), a New York State not-for-profit corporation, by common management. The School entered into a one year agreement 0 with Ascend on July 1, 2 19 which calls for Ascend to design, select and implement the School's educational program as well as the professional development activities for all the0 School personnel; recruit, supervise and evaluate the School's director; propose 0 employment policies and practices relating to School personnel; and manage the School's 0 business administration. For the year ended June 3 , 2 2 , each charter school paid 0 Ascend an annual fee of 13.25% of the School's per pupil operating revenue, per pupil 0 facilities revenue and federal Individuals with Disabilities Education Act revenue. For the year ended June 3 , 2 19, each charter school paid Ascend an annual fee ranging from 12% to 15% of the School's per pupil operating revenue, per pupil facilities revenue and 0 federal Individuals with Disabilities Education Act revenue. The management fee for the 0 years ended June 3 , 2 2 and 2 19 amounted to \$14,549,441 and \$12,233,827. 0

The School entered into a sublease agreement with Ascend on July 1, 2 11. There are two0 amendments to the agreement. The terms of the agreement permit Ascend to use the 6th 0 floor of one of the buildings that the School occupies. Ascend increased use of the floor 0 over the term of the lease, and rent increased accordingly. Rental income amounted to 0 \$135, 0 for the years ended June 3 , 2 2 and 2 19. 0

On September 3 , 2 13, the School received an interest-free loan of \$4 , 0 from 0 Ascend. The proceeds were used to finance the School's operations. The outstanding 0 principal balance of the loan was paid in full as of June 3 , 2 19. 0

The School is an affiliate of Friends of Ascend Charter Schools, Inc. ("FOA"), a New York 0 State not-for-profit corporation, by common management. FOA's purpose is to support the0 operation of the School by managing the School's real estate and facilities-related needs, 0 and by raising funds and resources that will enable FOA to provide support to the School and to enhance the experience of the School's students. The School entered into sublease 0 agreements with FOA for classroom facilities (Note 1 ).

For operational efficiency and purchasing power, the School shares certain operating 0 expenses with Ascend and FOA. The net balance due from/(to) the related parties consisted 0 of the following at June 3 : 0

	2 2	19
Ascend 0	\$ (2,897,412)	\$ (1,49 ,766)0
FOA0	<u>162,199</u>	<u>(133,291)</u>
	<u>\$ (2,735,213)</u>	<u>\$ (1,624, 57) 0</u>

## **Ascend Charter Schools**

### **Notes to Financial Statements 0 June 3 , 2 2 and 2 19**

#### **5. Property and Equipment**

Property and equipment consist of the following as of June 3 :

	2 2	2 19
Computers and technology	\$ 3,823,582	\$ 2,957,7 2 0
Equipment	1,114,493	1, 51,676
Furniture and fixtures 0	4, 86,623	3, 2,363 0
Software 0	82,6 7	55,314 0
Website development 0	143,277 0	143,2770
Leasehold improvements 0	12,49 ,686 0	9,442,4 7 0
Construction in progress 0	98,883 0	592,295 0
	<hr/>	<hr/>
	21,84 ,151	17,245, 34
Accumulated depreciation and amortization 0	(1 , 64,568)	(7,913,1 4) 0
	<hr/>	<hr/>
	\$ 11,775,583	\$ 9,331,93

Construction-in-progress at June 3 , 2 20 and 2 19 is comprised of costs related to the 0 Pitkin Avenue facility. 0

#### **6. Liquidity and Availability of Financial Assets**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of 0 the following at June 3 :

	2 2	2 19
Cash 0	\$ 13, 1 0845	\$ 12,535,3 1 0
Grants and contracts receivable 0	<hr/>	<hr/>
	2,993,848	1,242,978
	<hr/>	<hr/>
	\$ 16, 4,693	\$ 13,778,279 0

As part of the School's liquidity management plan, the status of grants and contracts 0 receivable is monitored regularly and any excess cash is held in savings accounts and other 0 liquid instruments until it is required for operational use.

#### **7. Employee Benefit Plan**

The School maintains a pension plan qualified under Internal Revenue Code 4 3(b), for the benefit of its eligible employees. Under the plan, the School will match employee0 contributions ranging from 1% to 5% of annual compensation. Total employer match for the 0 years ended June 3 , 2 2 and 2 19 was \$499,391 and \$378, 8 . 0

## **Ascend Charter Schools 0**

Notes to Financial Statements 0  
June 3 , 2 2 and 2 19

### **8. Concentration of Credit Risk**

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. As of June 3 , 2 2 and 2 19, approximately \$13,1 , and 0 \$12,585, if cash was maintained with an institution in excess of FDIC limits. 0

### **9. Concentration of Revenue and Support**

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 3 , 2 2 and 2 19, the School received approximately 94% and 93% of total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected. 0

### **10. Commitments**

#### **Sc ool F acilities**

##### Brooklyn Ascend 0

On March 19, 2 8, Brooklyn Ascend entered into an agreement to lease property at 2 5 0 Rockaway Parkway, Brooklyn, New York for a period of 15 years. The landlord has renovated the facility to conform to the School's specifications in phases. As of June 3 , 0 2 2 , Brooklyn Ascend has reimbursed the landlord a total of \$3,213,35 or these 0 renovations which are classified as leasehold improvements under property and equipment 0 in the statements of financial position. Pursuant to the fourth lease amendment, annual fixed 0 rent will be reduced for years 8 through 15 due to deletion of certain projects. On July 28, 0 2 16, Brooklyn Ascend signed a fifth amendment to renew the lease for 1 years. The 0 renewal period commences on September 1, 2 23. 0

On January 19, 2 11, Brooklyn Ascend entered into an agreement to lease property at 123 0 East 98<sup>th</sup> Street, Brooklyn, New York for a period of 2 years. This location became the 0 home of Brooklyn Ascend Middle School starting with the 2 12-2 13 academic year. 0

On July 2, 2 12, Brooklyn Ascend entered into an agreement as a co-lessee with 0 Brownsville Ascend to become a future tenant located at 15 1 Pitkin Avenue, Brooklyn, New 0 York. The occupancy period for the School is 17 years of the 2 year lease agreement. The 0 facility became the home of Brooklyn Ascend High School, which began with the 2 15-2 16 0 academic year. The space is shared with Brownsville Ascend. 0

## **Ascend Charter Schools 0**

Notes to Financial Statements 0  
June 3 , 2 2 and 2 19

### **10. Commitments (*continued*)**

#### **Sc ool F cilities (*continued*)**

##### Brooklyn Ascend (*continued*)

Pursuant to each facility lease agreement, the School will also reimburse the landlords for 0 the proportionate share of the real estate taxes and any other costs associated with the 0 leasing of the premises. 0

##### Brownsville Ascend 0

On June 22, 2 1 , Brownsville Ascend entered into an agreement to lease property at 15 1 0 Pitkin Avenue, Brooklyn, New York. As per the terms of the agreement, the lease is for 2 0 years, renewable for up to 2 additional years. The construction of the facility will be 0 completed in phases. There are seven amendments to the agreement as well as an 0 additional letter agreement related to roof play space. Effective as of the fourth amendment, 0 Brooklyn Ascend entered into the agreement as a co-lessee, and effective as of the 2 15- 2 16 academic year, Brooklyn Ascend High School became a co-tenant of the building. 0 Both schools will reimburse the landlord for their share of real estate taxes. Brownsville 0 Ascend moved into the new permanent lease facility on August 2 , 2 12. 0

##### Bushwick Ascend 0

On July 29, 2 11, the School entered into an agreement to lease property at 741-757 0 Knickerbocker Avenue, Brooklyn, New York for a period of 2 years, with a renewal option 0 for an additional ten years. The lease provides for rent escalations and the School is 0 responsible for utilities, real estate taxes and other operating expenses. As part of the 0 agreement, the School has the right to mortgage its interest in the lease under a leasehold 0 mortgage and assign the lease as collateral security for such leasehold mortgage. The 0 facility is currently tax exempt, but the School will be responsible for any real estate taxes 0 arising out of the School's occupancy. 0

On March 3 , 2 15, the School entered into an agreement to lease property at 2 Aberdeen 0 Street, Brooklyn, New York. As per the terms of the agreement, the lease is for a period of 0 3 years, commencing on June 1, 2 15 and ending on June 3 , 2 45. This location became 0 the home of Bushwick Ascend Middle School starting with the 2 15-2 16 academic year. 0 The facility is currently tax exempt, but the School will be responsible for any real estate 0 taxes arising out of the School's occupancy. 0

On May 18, 2 18, the two Bushwick Ascend leases were transferred to FOA and a new 0 sublease agreement between FOA (sublandlord) and the School (subtenant) was entered 0 into for a period of 28 years ending on June 3 , 2 45. 0

##### Canarsie Ascend 0

On April 1, 2 13, Canarsie Ascend entered into an agreement to lease property at 9719 0 Flatlands Avenue, Brooklyn, New York. As per the terms of the agreement, the lease is for 0 2 years, renewable for up to 1 additional years. 0

## **Ascend Charter Schools 0**

Notes to Financial Statements 0  
June 3 , 2 2 and 2 19

### **10. Commitments (*continued*)**

#### **Sc ool F cilities (*continued*)**

##### Canarsie Ascend (*continued*)

The facility is currently tax exempt, but Canarsie Ascend will be responsible for any real estate taxes arising out of the School's occupancy. 0

On August 3 , 2 17, Canarsie Ascend entered into an agreement to lease property at 744 East 87<sup>th</sup> Street and 751 East 86<sup>th</sup> Street in Brooklyn, New York for a period of 3 years, 0 commencing on June 15, 2 17 and ending June 3 , 2 47. The property is currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out of the School's occupancy. On September 12, 2 17, the lease agreement was transferred to FOA and a new sublease agreement between FOA (sublandlord) and the School (subtenant) was executed for a period of 3 years ending on June 3 , 2 47. 0

##### Central Brooklyn Ascend 0

On November 3, 2 14, the School entered into an agreement to lease property at 465 East 29<sup>th</sup> Street, Brooklyn, New York. As per the terms of the agreement, the lease is for 30 years, commencing on June 1, 2 15 and ending on June 3 , 2 45. The property is currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out of the School's occupancy. On September 12, 2 17, the lease agreement was transferred to FOA and a new sublease agreement between FOA (sublandlord) and the School (subtenant) was executed for a period of 28 years ending on June 3 , 2 45. 0

On September 12, 2 17, the School entered into an agreement with FOA to sublease property at 1886 Nostrand Avenue, Brooklyn, New York. As per the terms of the agreement, the lease is for 28 years, commencing on August 15, 2 17 and ending on June 3 , 2 45. The property is currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out of the School's occupancy. 0

##### Cypress Hills Ascend 0

On February 22, 2 18, the School entered into an agreement with FOA to sublease property at 396 Grant Avenue, Brooklyn, New York. As per the terms of the agreement, the lease is for 3 years, commencing on February 1, 2 18 and ending on June 3 , 2 48. The property is currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out of the School's occupancy. 0

##### East Brooklyn Ascend 0

On December 4, 2 18, the School entered into an agreement with FOA to sublease property at 26 Shepherd Avenue, Brooklyn, New York. As per the terms of the agreement, the lease is for 29 years, commencing on July 1, 2 19 and ending on June 3 , 2 48. The property is currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out of the School's occupancy. 0

**Ascend Charter Schools 0**

Notes to Financial Statements 0  
June 3 , 2 2 and 2 19

**10. Commitments (*continued*)**

**Sc ool F cilities (*continued*)**

East Flatbush Ascend 0

On March 11, 2 19, the School entered into an agreement with FOA to sublease~~property~~ at 0  
87 Albany Avenue, Brooklyn, New York. As per the terms of the agreement, the lease is for 0  
29 years, commencing on July 1, 2 19 and ending on June 3 , 2 48. The property is 0  
currently exempt from real estate taxes, but the School will be responsible for any real 0  
estate taxes arising out of the School's occupancy. 0

Lefferts Gardens Ascend 0

On April 1, 2 2 , the School entered into an agreement with FOA to sublease~~property~~ at 0  
123 Linden Boulevard, Brooklyn, New York. As per the terms of the agreement, the lease~~s~~ is 0  
for 19 years, commencing on July 1, 2 2 and ending on June 3 , 2 19. The property is 0  
currently exempt from real estate taxes, but the School will be responsible for any real 0  
estate taxes arising out of the School's occupancy. 0

Future minimum lease payments under the facility leases (including the subleases with 0  
FOA) are as follows for the years ending June 3 :

2 21	\$ 19,599,443
2 22	21,243,289 0
2 23 0	22,2 1,821 0
2 24 0	22,726,540
2 25 0	22,999,942 0
Thereafter 0	<u>414,971,938</u>
	<u>\$ 523,742,973 0</u>

Rent expense is recognized on the straight-line basis over the term of the lease. The difference 0  
between cash payments under the lease agreements and the straight-line rent have been0  
recognized as deferred rent in the accompanying statements of financial position from inception  
of the lease. The difference between rent cash payments and straight-line rent included in 0  
occupancy expense in the accompanying statements of functional expenses amounted to 0  
\$4,7 7,415 and \$3,49 ,995 for the years ended June 3 , 2 2 and 2 19.

Occupancy expense for the years ended June 3 , 2 2 and 2 19 was \$23,513,947 and 0  
\$19, 85,113. 0

## Ascend Charter Schools 0

Notes to Financial Statements 0  
June 3 , 2 2 and 2 19

### **10. Commitments (continued)**

#### **L e sed Equipment**

The School entered into an equipment lease agreement expiring during the year ending June 3 , 2 21. Future minimum rental payments under the equipment leases for the year 0 ending June 3 , 2 21 totaled \$215,934.

Equipment lease expense for the years ended June 3 , 2 2 and 2 19 was \$1, 4,737 and 0 \$1,294,996. 0

### **11. Lo n P y ble**

On October 17, 2 19, the School entered into a \$2,5 0,1 loan agreement with Nonprofit 0 Finance Fund ("NFF") for the purpose of financing the cost of renovations and improvements to the building leased by the School at 15 1 Pitkin Avenue, Brooklyn, NY. The loan matures on November 1, 2 26, at which time the School can either pay the outstanding balance on the loan in full or refinance. The loan is payable on a monthly basis in the amount of 0 \$21,872 commencing on July 1, 2 2 and the loan bears interest at 6.25% per annum. The loan is guaranteed by the School and secured on the leasehold interests of the School in the 0 building. In addition, the School has granted a security interest in all of its other assets to 0 secure the loan. Loan payments will be due on the first day of each succeeding month 0 thereafter, until all amounts due under the loans are paid in full. The loan is a commitment 0 that cannot be assigned without prior written approval from NFF. The School must maintain five financial performance covenant all of which were assessed starting with the fiscal year 0 ending June 3 , 2 2 . For the year ended June 3 , 2 2 the School is in compliance with 0 four of the five financial covenants. The Lease Coverage Ratio covenant was not in compliance due to a new lease at 26 Shepherd Avenue. This resulted an additional 0 \$1,4 , adjustment in deferred rent expense. The School was in compliance with this 0 covenant throughout the entire fiscal year. 0

Future minimum principal payments on the loan are as follows for years ended June 3 : 0

	1 ,7
2 22 0	128,5 8 0
2 23 0	136,774 0
2 24 0	145,572 0
2 25 0	154,935 0
Thereafter 0	<u>1,6 6, 66 0</u>
	<u>\$ 2,292,597</u>

### **12. Contingency**

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the 0 accompanying financial statements for such potential claims. 0

## **Ascend Charter Schools**

### **Notes to Financial Statements June 3, 2020 and 2019**

#### **13. Risks and Uncertainties**

The School's operations and financial performance may be affected by the recent COVID-19 outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the School may experience a disruption in operations as well as a decline in revenue activities. Economic uncertainty is related to the potential reduction and/or delays in state and local per pupil operating revenue, shortfalls and variations in enrollment, and operational and other changes that could increase expenses. The outbreak may adversely affect the School's activities, financial condition, results of operations, and cash flows. Management is closely monitoring the impact of COVID-19 and believes the School is taking appropriate actions to mitigate the negative impact. However, management is unable to estimate the financial impact, if any, related to this matter.

\*\*\*\*\* 0

# **Ascend Center Schools 3**

Supplementary Information

June 0, 2020

**Ascend Charter Schools**

 Schedule of Activities by School P  
 Year Ended June 30, 2020

S E	Brooklyn A cen	rown ill P cen	u hnic P cen	anarie P cen	Central BrooklynP cen	CPre cen	Hill P cen	a t BrooklynP cen	Eat Flatbu R cen	Left Garden P cen	otal P
<b>O PERATING REVENUE</b>											
State and local per pupil operating revenue P	\$ 8,603,544 P	\$ 9,483,990	\$ 6,426,473 P	\$ 6,375,552	\$ 704,285	\$ P .906,883	\$ P .034,149 P	\$ P .59,714	\$ P .376,747	\$ P .96,330	\$ P 8,233,518
General and special education	,429,855	,676,362	,220P95	,655,837 P	,347,444 P	09,500	67,708	17,176 P	74,969	00,464 P	2,056,551 P
Facilities	26,116	,059,315 P	48,255	,117,800	45P02 P	2,245 P	18,669	18,669 P	71,929 P	30,282	,349,574
Federal grant	77,751 P	10,820 P	83,540 P	68,791 P	50,690 P	4,955 P	8,048	8,021 P	9,565 P	0,977 P	,542,729 P
Federal E-Rate and IDE P	28,165 P	90,680 P	72,169 P	81,797 P	14,015,729 P	4,438	5,332,363 P	724,952 P	1,347,618 P	465,111 P	117,647,483 P
Total Operating Revenue P	<u>2,465,431 P</u>	<u>22,321,167 P</u>	<u>18,650,732 P</u>	<u>20,499,777 P</u>							
<b>EXENSES</b>											
Program Services	0,907,962	4,854,094	1,743,750	2,28P502	298,861	474,464	104,005	673,898	,801,025	6,139,561	
Regular education	,268,299	2,172,679	3,115,705	4,087,636	3,591,842	1,386,327	1,270,546 P	804,449	272,385	21,969,938	
Special education	6,176,261 P	7,026,773 P	4,859,455 P	6,369,198	1,890,703 P	,860,791 P	,374,551	,478,347 P	,073,420 P	8,109,499 P	
Total Program Services P											
Supporting Services	,315,857	4,679,921	3,202,043	3,575,973	2,672,176	974,823	414,104	679,900	355,673	22,870,470	
Management and general	2,492,118	21,706,694	19,945,171 P	14,562,879	5,835,614	2,788,655	3,158,247	3,429,093		120,979,969	
Total Expenses											
Surplus (Deficit) from Operation	26,687 P	814,473	589,234	554,606	(547,150) P	(503,251) P	(2,063,703) P	(1,068,533) P	(1,081,475) P	(3,332,486) P	
<b>SUPPORT AND OTHER REVENUE P</b>											
Contribution	,235	,524 P	,310 P	,540				00		P	16,109
Rental income	135,000										135,000
Interest and other revenue	,353	2,105 P	1,654	9,532 P	1,242	344 P	86	172 P			,19,660
Total Support and Other Revenue P	40,588	0,629	964 P	,532 P	,782 P	44 P	6 P	72 P			70,769 P
Write off of grants and contracts received P			- P	(7,116) P	- P	(500,000) P	- P	- P			(507,116) P
Change in Net Assets P	13,901 P	25,102 P	87,082 P	64,138	1,043,368 P	502,907 P	2,063,617 P	1,067,861 P	1,081,303 P		3,668,833) P
<b>NET ASSETS (DEFICIT) P</b>											
Beginning of year P	2,558,026 P	3,062,376 P	531,260 P	(1,439,410) P	350,276 P	(1,344,914) P	- P	- P	- P	- P	(1,398,138)
End of year P	\$ 2,444,125) P	\$ 3,887,778	\$ 1,118,342 P	\$ (875,272) P	\$ (693,092) P	\$ (1,847,821) P	\$ P (2,063,617) P	\$ P (1,067,861) P	\$ (1,081,303) P	\$ (5,066,971) P	

## Ascend Charter Schools

Schedule of Functional Expenses  
Brooklyn Ascend Charter School  
Year Ended June 30, 2020

	N 1 1 P ositi on	Regula r educa tional activities	Pr ogram Services educa tional activities	Management and general activities	Management and general activities	Management and general activities
P ersonnel Services Costs						
Administrative staff personnel	\$ 868,708 1	\$ 94,7 3 1	\$ ,363,42 1	\$ ,745,462 1	\$ ,08,883 1	
Instructional personnel	,268,007 1	,453,570 1	,72 ,577 1			
Non-instructional personnel	- 1	- 1	- 1	- 1		
Total Salaries and Staff	09 1	1, 36,7 5 1	,948,283 1	4,084,998	223,347	6,308,345 1
Employee benefits and payroll taxes						
Professional fees	298,808	08,577	1907,385	58,937	366,322	
Management fee	63,429	5,270	78,699	9 ,552 1	70,25	
Consultants - educational	,467,8 4	0, 02	,677,9 6	,4 ,4,564	,092,480	
Legal fee	,3 0 1	5,878 1	4, 88		4, 88	
Curriculum and classroom supplies	26,	9,622	5,733 1	7,4 7	7,4 7	
Office supplies	0, 9	7,993 1	38 ,841		4,	
Non-capitalized furniture and equipment	94,20	5 ,4 4	245,6 5 1		,026	
Leased equipment, furniture and fixture	26, 34 1	9,866	86,000		84,383 1	
Communication	3,083,426	6,292	,899,7 8 1		3 1 44 1	
Occupancy	02,902	6,433	29,335		,5 ,5,296	
Insurance	0 ,476 1	9,8	8 ,2871		48,550 1	
Repairs and maintenance	9,469	,508	,977 1		0 ,88 1	
Security	8,278	2,493	0,777		4 ,475	
Marketing and recruitment	36,273	5,643	6 ,9 6		4, 867	
Staff development	82,332	7,839 1	30 ,7		4, 2, 0 1	
Travel and meal	3,564	,59	7 ,55 1		63,965	
Postage, printing and copying	5,685	0,037	5,722		9,937 1	
Dues and subscriptions	99, 6	05,672	04,833		42,366 1	
Depreciation and amortization	,683	,75	,658		9,689 1	
Interest					5, 0833	
Miscellaneous					34,522 1	
Total Expense	\$ 0,907,962 1	\$ 5,268,299	\$ 26,76,26	\$ 6,3 5,857 1	\$ 32,492, 8 1	

### **Ascend Charter Schools 1**

Schedule of Functional Expenses  
Brownsville Ascend Charter Sch 1  
Year Ended June 30, 2020

	N P siti n 1	Pr gram Services 1		Management 1	
		egula ducati	pecia ducati	ta	nd nera
Personal Services Contracts 1	14 \$ ,200,502 1	\$ 66,764 1	\$ ,367,266	\$ ,28 ,982	\$ ,649,248
Administrative staff personnel 1	00 ,857,758 1	52,626 1	,8 ,0,384	1	7,8 0,384
Instructional personnel 1	0 1	- 1	- 1	492,337 1	492,337 1
Non-instructional personnel 1	34 1	8,058,260 1	, 9,390 1	, 77,650	, 774,3 9 1
Total Salaries and Staff 1					0,95 ,969
Employee benefits and payroll taxes 1	,559,257	6,600	,775,857	43,327 1	,1 9 ,84 1
Professional fee	23,35	5,275	68,626	46,921	5,547 1
Management fees	59,80	85,8 6	, 45,6 7	,648,572	,794, 89
Consultants - education 1	7,343 1	2,286 1	9,629 1		9,629
Legal fees					,893
Curriculum and classroom supplies 1	45,498	6,888	2,386		2,386 1
Office supplies	,377	,359	5,736	1	7,23
Non-capitalized furniture and equipment 1	29,348 1	7,968 1	47,3 6 1	,909 1	2,645
Leased equipment, furniture and fixture 1	25,639	7,453	143,092	8,48	75,797
Communication 1	,946,7 3	70,422	,2 7 , 35	7,664	70,756
Occupancy	2, 3	0,245	2,358 1	28,640	,645,775
Insurance 1	94,005	0,84	34,846	4,960	,7,3 8
Repairs and maintenance 1				4,736	99,582
Security	,494 1	46	,840	49	,389
Marketing and recruitment 1	8,877	,622 1	,499	, 56 1	5,655
Staff development 1	6,6 0	2,647	9,257 1	, 5	25,408 1
Travel and meal	67,532	9,249	36,78	,67	44,452
Postage, printing and copying 1	5,637	,72	7,809	1443 1	1,252 1
Dues and subscriptions 1	7,843	,646	4,489	0,534	5,023
Depreciation and amortization 1	29,709	9,692	89,40	4,6 6 1	84,0 7 1
Interest	2,687	,762	4,449	,794	7,243
Miscellaneous 1				6,354	6,354
Total Expense 1	\$ 4,854,094 1	\$ 2,72,679	\$ 7,026,773	\$ 4,679,92	\$ 2 ,706,694

Ascend Charter Schools

Schedule of Functional Expenses | 9

Bushwick Ascend Charter Sch

Year Ended June 30, 2020

Personnel Services Costs		Program Services		Management	
Personnel	Professional	Program	Services	Indirect	General
Administrative staff personnel	\$ 2,141	\$ 64,246	\$ 256,387	\$ 34,750	\$ 1,1137
Instructional staff personnel	\$ 474,48	\$ 458,072	\$ 32,561	\$ 250	\$ 6,32,561
Non-instructional personnel					
Total Salaries and Staff	\$ 6,466,630	\$ 722,318	\$ 188,48	\$ 34,000	\$ 222,489
Employee benefits and payroll taxes					
Professional fees	\$ 2,648	\$ 582	\$ 230	\$ 1,368	\$ 20,589
Management fee	\$ 4,806	\$ 60,246	\$ 55,052	\$ 374,344	\$ 32,36
Consultants - education	\$ 079	\$ 6,39	\$ 3,00	\$ 12	\$ 3,00
Legal fees					
Curriculum and classroom supplies	\$ 52,647	\$ 0,38	\$ 03,585		\$ 12,035
Office supplies	\$ 8,4	\$ 27	\$ 3,426	\$ 58	\$ 1,203
Non-capitalized furniture and equipment	\$ 32,077	\$ 5,177	\$ 67,254	\$ 1,119	\$ 6,384
Leased equipment, furniture and fixture	\$ 71,063	\$ 5,561	\$ 16,624	\$ 7,353	\$ 88,373
Communication	\$ 31,519	\$ 14,440	\$ 44,595	\$ 08,846	\$ 43,779
Occupancy	\$ 8,045	\$ 5,233	\$ 3,278	\$ 7,239	\$ 754,805
Insurance	\$ 9742	\$ 49	\$ 206	\$ 9	\$ 2,001
Repairs and maintenance					
Security	\$ 949	\$ 08	\$ 120	\$ 5	\$ 577
Marketing and recruitment	\$ 6,535	\$ 067	\$ 3,602	\$ 243	\$ 7,845
Staff development	\$ 2,204	\$ 3,248	\$ 15,452	\$ 9504	\$ 16,956
Travel and meal	\$ 18,623	\$ 5,766	\$ 44,38	\$ 570	\$ 48,59
Postage, printing and copying	\$ 28	\$ 57	\$ 507	\$ 48	\$ 455
Dues and subscriptions	\$ 1,082	\$ 0,42	\$ 2,024	\$ 56	\$ 8,539
Depreciation and amortization	\$ 00,478	\$ 3,35	\$ 53,873	\$ 2,056	\$ 85,29
Interest					
Miscellaneous					
Total Expense	\$ 1,743,750	\$ 3,115,705	\$ 14,854,55	\$ 3,202,043	\$ 18,061,489

See independent audit rs' rep rt 9

**Ascend Charter Schools** 9

Schedule of Functional Expenses  
Canarsie Ascend Charter Sch 1 9  
Year Ended June 30, 2020

	N 9 9	Pr 9	Management 9
	P siti n	egula 9 ducati	nd nera
		gram Services 9 pecia ducati	tal
Personal Services Costs 9			
Administrative staff personnel 9	2 \$ ,647	\$ 21,863	\$ 44,464 9
Instructional personnel 9	6 ,705,8 2	,700,618	,406,510 9
Non-instructional personnel 9	- 9	- 9	- 9
Total Salaries and Staff 9	<u>15</u> 9	<u>22,481</u>	<u>61,020</u>
Employee benefits and payroll taxes 9			
Professional fee 9	,166,580	21,57	14,313 9
Management fees 9	7,087	,624	,08,758 9
Consultants - education 9	21, 60	05, 2	,47 ,157
Legal fee 9	0,140	0,140	0,140
Curriculum and classroom supplies 9	42,775 9	,383 9	50
Office supplies 9	,763 9	,142 9	82,158 9
Non-capitalized furniture and equipment 9	15,6 4	1,80	5,336 9
Leased equipment, furniture and fixture 9	50,877	4,524	,631 0,536
Communication 9	,7 4,321	,00 ,813	57,503 9 1,254
Occupancy 9	7,478	,777	7,718 78,757
Insurance 9	0,106	8, 4	13,346 33,11
Repairs and maintenance 9		0,055	,818 ,317,480 9
Security 6	43	3	4,716 9 7,073
Marketing and recruitment 9	4,470	,843	23,771 23,771
Staff development 9	54,457 9	6,108 9	9
Travel and meal 85,515	2,620 9	38,135	12 9
Postage, printing and copying 9	8,315	3,846	4, 5, 45,6709
Dues and subscriptions 8,82	7,646	6,475	9,200 9
Depreciation and amortization 9	85, 77	7,20	,70 5,445
Interest 63	31	53,186	4,166 9 87,352 9
Miscellaneous 9		4	61
Total Expense 9		- 9	- 9
			3,012 3,012
			<u>\$ 3,575,73</u> <u>\$ 1 , 45,171</u>

See independent auditors' report 9

### Ascend Charter Schools

Schedule of Functional Expenses  
 Central Brooklyn Ascend Charter Sch 71  
 Year Ended June 30, 2020

	N 7 P siti n	egula 7 ducati	Pr gram Services 7 pecia ducati	ta	Management 7 nd nera	tal
Personal Services Costs 7						
Administrative staff personnel 7	9 8	\$ 08,442 ,\$893,289	\$ 29,163 ,\$344,308	\$ ,03 ,23 ,59	\$ 39,258 7 7	\$ ,6 4,23 59
Instructional personnel 7						
Non-instructional personnel 7						
Total Salaries and Staff 7	<u>17</u>	<u>3,601, 31</u>	<u>,6 3,4 1</u>	<u>,2 5,202</u>	<u>7</u>	<u>129,283 7</u>
Employee benefits and payroll taxes 7						
Professional fees						
Management fees						
Consultants - education 7						
Legal fees						
Curriculum and classroom supplies 7						
Office supplies						
Non-capitalized furniture and equipment 7						
Leased equipment, furniture and fixture 7						
Communication 7						
Insurance 7						
Repairs and maintenance 7						
Security						
Marketing and recruitment 7						
Staff development 7						
Travel and meal						
Postage, printing and copying 7						
Dues and subscriptions 7						
Depreciation and amortization 7						
Interest						
Miscellaneous 7						
Total Expense 7	<u>\$ 298,861</u>	<u>7</u>	<u>\$ 3,591,842</u>	<u>\$ 11,890, 03</u>	<u>\$ 2,6 2,1 6</u>	<u>\$ 14,562,8 9</u>

Ascend Charter Schools

Schedule of Functional Expenses  
Cypress Hills Ascend Charter School  
Year Ended June 30 2020

N P siti n		Pr gram Services , egula ducati		Pr gram Services , pecia ducati		Management , nd nera ,	
Pers,nnel Services C,sts ,	\$ 66 474 ,	\$ 14 188,	\$ 80 662 ,	\$ 27 746	\$ 08 408		
Administrative staff pers nne ,	215 541 ,	20 878	736 419 ,			1 736 419	
Instructi nal pers nne ,						37 970	
N nstructi nal pers nne ,							
T tal Salaries and Staf ,	1 482 015 ,	35 066 ,	117 081 ,	65 716 ,	382 797 ,		
Employee benefits and payr ll taxe ,							
Pr fessi nal fee ,	04 354 ,	30 420 ,	34 774 ,	4 569	89 343		
Management fee ,	722 ,	028 ,	750 ,	0 108 ,	6 858 ,		
C nsultants - educati ,	26 121 ,	0 621 ,	66 742 ,	83 850	50 592		
Legal fee ,	399 ,	648 ,	047 ,		047		
Curriculum and classr m supplie ,	01 149	8 171	19 320 ,		50	150	
Office supplie ,	886	237	123 ,	17 ,	7 972	19 320	
N n-capitalized furniture and equipmen ,	2 871	515	8 386 ,	308 ,		7 972	
Leased equipment furniture and fixture ,	5 304 ,	9 413 ,	4 717	123 ,			
C mmunicati n ,	073 40,1	59 968,	533 369 ,	92 454 ,			
Occupanc ,	3 001 ,	34,5	8 346 ,	168 ,			
Insuranc ,	538 ,	945 ,	,483 ,	14 ,			
Repairs and maintenanc ,	0 ,	8 ,	28	6 ,			
Securit ,	,434 ,	,043 ,	477 ,	36 ,			
Marketing and recruitin ,	9 103 ,	753 ,	3 856 ,	65 ,			
Staff devel pmen ,	6 802 ,	9 432 ,	16 234 ,	471 ,			
Travel and meal ,	,123 ,	,10 ,	033 ,	81 ,			
P stage printing and c pyin ,	0 067 ,	314 ,	4 381 ,	805 ,			
Dues and subscripti n ,	1 074 ,	0 456 ,	01 530	2 743 ,			
Depreciat i n and amortizati ,	0 ,						
Interes ,							
Miscellane u ,							
T tal Expense ,	\$ 474 464 ,	\$ 1 386 327 ,	\$ 4 860 791	\$ 974 823 ,	\$ 5 835 614 ,		
				8 755 ,	8 755 ,		

See independent audit rs' rep rt ,

### Ascend Charter Schools

Schedule of Functional Expenses  
East Brooklyn Ascend Charter School,  
Year Ended June 30 2020

P	N	Pr gram Services ,		Management ,	
		educa tional services	educa tional expenses	admi nistrative and general	admi nistrative and general
Pers,nnel Services C,sts ,	,	\$ 2 031 ,	\$ 4 680 ,	\$ 36 711	\$ 7 855
Administrative staff pers nne ,		89 552	28 204	17 756	24 566
Instructi nal pers nne ,					17 756
N-nstructi nal pers nne ,					
T tal Salaries and Staf ,		251 583	20 884 ,	54 467	42 322 ,
Employee benefits and payroll taxe ,					
Pr fessi nal fee		7 441 ,	7 115	04 556	21 123
Management fee		609	341	950	2 532 ,
C nsultants - educati ,		2 896	509	1 405	6 599
Curriculum and classr m supplie ,					1 165
Office supplie		9 620 ,	1 165	1 165	4 345
N-ncapitalized furniture and equipment ,					
Leased equipment furniture and fixture					
C mmunicati n ,					
Occupanc ,					
Insuranc ,					
Repairs and maintenanc ,					
Securit					
Marketing and recruitin ,					
Staff devel pmnen ,					
Travel and meal					
P stage printing and c pyin ,					
Dues and subscripti n					
Depreciat i n and amortizati ,					
Interest					
Miscellane u					
T tal Expense ,					
\$ 104 005		\$ 1 270 546	\$ 2 374 551	\$ 414 104 ,	\$ 2 788 655 ,

See independent audit rs' rep rt ,

## Ascend Charter Schools 6

Schedule of Functional Expenses  
East Flatbush Ascend Charter Sch 1 6  
Year Ended June 30, 2020

	N			Pr gram Services 6			Management 6		
	Per sonnel	6	educa ti onal	educa ti onal	educa ti onal	educa ti onal	Ind ucti onal	Ind ucti onal	Ind ucti onal
Personnel Services Costs 6									
Administrative staff personnel 6	6	\$ 63,511 6	\$ 5,7 5 6	\$ 49,27	\$ 77,39	\$ 2 , 72			
Instructi onal personnel 6	26	25, 33 6	23,253 6	48,88		48,88			
Non-instructi onal personnel 6	6	- 6	- 6	- 6	30,480 6	30,480			
Total Salaries and Staff 6	<u>8</u>	<u>589,144</u>	<u>98,018</u>	<u>98,1 2</u>	<u>30,480</u>	<u>10 ,038</u>			
Employee benefits and payroll taxes 6									
Professional fees 6									
Management fee	30,274 6	8,331 6	98, 05 6	5,9	44,571 6				
Consultants - educational 6	2,708 6	2,8 8	5,57	2,852		2,852			
Curriculum and classroom supplies 6	9,727	0,6	0	37,53	33,112	20			
Office supplies 6		0,848	0,575			0,575			
Non-capitalized furniture and equipment 6	2,718	,71	9,389						
Leased equipment, furniture and fixture	,854 6	,071 6	,925						
Communication 6	4,2 9	7,975	2,244 6						
Occupancy 6	41,57 6	3 ,519 6	78,095						
Insurance 6	122 6	6104 6	,3	2,092 6					
Repairs and maintenance 6	,122 6	,7856	3,907 6						
Security 6	9 6	5 6	4 6						
Marketing and recruitment 6	6587 6	640 6	,993 6						
Staff development 6	6,14 6	6229 6	0,3756						
Travel and meal	7,2346	,391 6	3, 25 6						
Postage, printing and copying 6	,474 6	,4 6	28						
Dues and subscriptions 6	,474	,822	,29						
Depreciation and amortization 6	2, 8	7,144	9,830						
Interest 6									
Miscellaneous 6									
Total Expense 6	<u>\$ 73,898 6</u>	<u>\$ 804,449</u>	<u>\$ 2,478,347</u>	<u>\$ 79,900 6</u>	<u>\$ 3,158,247 6</u>	<u>4,73</u>	<u>4,73</u>	<u>4,73</u>	<u>4,73</u>

### Ascend Charter Schools

Schedule of Functional Expenses  
 Lefferts Gardens Ascend Charter Sch 01 0  
 Year Ended June 3, 2022

	N		Pr gram Services 0		Management 0		
	Per sonnel	0	Regula ducati	Pr pecia ducati	ta	nd nera	tal
Personnel Services Costs 0	0	\$ 08,852 0	\$ 5,670	\$ 54,459	\$ 54,95	\$ 9,49	
Administrative staff personnel 0		16,140	5,730	21,744		21,744	
Instructional personnel 0		- 0	- 0	- 0	0	1,169	1,169
Non-instructional personnel 0							
Total Salaries and Staff 0	<u>1,0</u>	<u>1,24,866</u>	<u>51,337</u>	<u>,176,23</u>	<u>56,119</u>	<u>332,322</u>	0
Employee benefits and payroll taxes 0							
Professional fees 0							
Management fee	2,576 0	,86	9,436	0	,377 0	7,431	,377 0
Consultants - education 0		,316 0	,316 0		5,529	44,965	
Legal fee	0	0			63	,316	,163
Curriculum and classroom supplies 0	4,614	,735	4,349				4,349
Office supplies							
Non-capitalized furniture and equipment 0	23	7					
Leased equipment, furniture and fixture 0	,78	54 0	,532 0		69 0	68	
Communication 0	,634 0	,275	,9 9 0		,315	,1,224	
Occupancy 0	86,379 0	7,55 0	43,434 0		8,858	2,292	
Insurance	,3 0	8 0	,883		59	,742	
Repairs and maintenance 0	0	0	0				
Security	0	0	0				
Marketing and recruitment 0	,432 0	54 0	0 86 0		75	,761	
Staff development 0	3,224 0	,149 0	7,373 0		85 0	8,358 0	
Travel and meal	6,154 0	,467 0	9,621 0		82	,1,3	
Postage, printing and copying 0	0374 0	0 3 0	,577		0 9 0	,786 0	
Dues and subscriptions 0	,8 0	56 0	,656 0		83 0	,539 0	
Depreciation and amortization 0	3,754 0	,5 8 0	7,262 0		,6180	,88 0	
Interest	6						
Miscellaneous 0							
Total Expense 0	<u>\$ 8,1,25 0</u>	<u>\$ 272,395</u>	<u>\$ 2,7342 0</u>	<u>\$ 2,7342 0</u>	<u>\$ 355,673 0</u>	<u>\$ 2,429,93 0</u>	

# **Ascend Center Schools**

Uniform Guidance  
Schedule and Report

June 30, 2020

### Ascend Charter Schools

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Program	Federal Grantor/Pass-thru Sh Grantor Program or Cl ster Title	Federal CFD\$ mbe	Pass-thru Entity Identifiyin S mbe	rovided t recipients \$	otal Federal Expendit res \$
<u>U... Department of Ed cation</u>					
Direct Pro ram:					
Ascend Learnin : Expansion and Replication of Hi h-Q uality S Charter schools in Brooklyn, N	4.282 S			\$ \$	\$ \$ 1,587,697
Pass-thru h the New York ate Ed cation Department:					
Title I Grants to Local Ed cational A encie	4.01	021-20-439			52,931
Title I Grants to Local Ed cational A encie	4.01	021-20-458			80,598
Title I Grants to Local Ed cational A encie	4.01	021-20-478			49,459 S
Title I Grants to Local Ed cational A encie	4.01	021-20-496 S			14,804 S
Title &Grants to Local E cational ASencie	4.01	021-20-517S			99,384 S
Title &Grants to Local E cational ASencie	4.01	021-20-543 S			0,726 S
Title I Grants to Local Ed cational ASencie	4.01	021-20-555 S			3,298 S
Title I Grants to Local Ed cational A encie S	4.01 S	021-20-557 S			35,241 S
					\$ \$ 1,956,441S
Improvin Teacher Q uality ate Grants					
(Formerly Improvin Teacher Q uality ate Grants S	4.36 S	147-20-439 S			2,311 S
Improvin Teacher Q ualityS ate Grants	4.36	147-20-458S			9,601 S
(Formerly Improvin Teacher Q ualityS ate Grants	4.36	147-20-478 S			8,678 S
Improvin Teacher Q uality ate Grants	4.36	147-20-496			7,231
(Formerly Improvin Teacher Q uality ate Grants	4.36	147-20-517 S			4,216 S
Improvin Teacher Q uality ate Grants	4.36	147-20-543			4,269
(Formerly Improvin Teacher Q uality ate Grants	4.36	147-20-555			,789
Improvin Teacher Q uality ate Grants	4.36 S	147-20-557			2,954
(Formerly Improvin Teacher Q uality ate Grants S	4.36 S				\$ \$ 224,049
t dent ppport and Academic Enrichment Pro ra	4.42	204-20-439 S			6,370 S
t dent ppport and Academic Enrichment Pro ra	4.42	204-20-458			8,676
t dent ppport and Academic Enrichment Pro ra	4.42	204-20-478			4,674
t dent ppport and Academic Enrichment Pro ra	4.42	204-20-496 S			7,699 S
t dent ppport and Academic Enrichment Pro ra	4.42	204-20-517			1,645 S
t dent Spport and Academic Enrichment Pro ra S	4.42 S	204-20-543			10,000
					\$ \$ 129,064
Total U... Department of Ed cation					
<u>U... Department of A ric It re</u>					
Pass-thru h the New York ate Ed cation Department: S					
Child Nutrition C ster					
chool Breakfast Pro ra	0.55	ot availabl			29,598
National chool L nch Pro ram (L nch	0.55	ot availabl			73,608
National chool L nch Pro ram ( nack	0.55 S	ot availabl S			149,117
Total U... Department of A ric It re					
Total Expendit res of Federal Awards					
ee independent auditors' report and notes to schedule of expenditures of federal awards					

## **Ascend Charter Schools**

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2020

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

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Ascend Charter Schools (the "School") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

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

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

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

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

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

**Independent Auditors' Report**

**Board of Trustees  
Ascend Charter Schools o**

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 Ascend Charter Schools (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. o

***Internal Control Over Financial Reporting o***

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. o

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 School'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. o

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. o However, material weaknesses may exist that have not been identified. o

**Board of Tr tee n  
A cend Charter School n  
Page 2 n**

***Compliance and Other Matters n***

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

***Purpose of this Report n***

The purpose of this report is solely to describe the scope of our testing of internal control and *n* compliance and the results of that testing, and not to provide an opinion on the effectiveness of *n* the entity's internal control or on compliance. This report is an integral part of an audit *n* 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 *n* purpose. *n*

*PKF O'Connor Davies, LLP*

Harrison, New York *n*  
October 26, 2020 *n*

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

**Independent Auditors' Report G**

**Board of Trustees G**  
**Ascend Charter Schools G**

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

We have audited Ascend Charter Schools' (the "School") compliance with the types of G compliance requirements described in the *OMB Compliance Supplement* that could have a G direct and material effect on each of the School's major federal programs for the year ended June 30, 2020. The School's major federal programs are identified in the summary of auditors' G results section of the accompanying schedule of findings and questioned costs. G

***Management's Responsibility G***

Management is responsible for compliance with federal statutes, regulations, and the terms and G conditions of its federal awards applicable to its federal programs. G

***Auditors' Responsibility G***

Our responsibility is to express an opinion on G compliance for each of the School's major federal G programs based on our audit of the types of compliance requirements referred to above. We G conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in G *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform G Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards G* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types G of compliance requirements referred to above that could have a direct and material effect on a G major federal program occurred. An audit includes examining, on a test basis, evidence about G the School's compliance with those requirements and performing such other procedures as we G considered necessary in the circumstances. G

We believe that our audit provides a reasonable basis for our opinion on compliance for each G major federal program. However, our audit does not provide a legal determination of the G School's compliance. G

***Opinion on Ea h Major Federal Program c***

In our opinion, the School ccomplied, in all material respects, with the types of compliance c requirements referred to above that could have a direct and material effect on each of its major c federal programs for the year ended June 30, 2020. c

***Report on Internal Control Over Complian e c***

Management of the School c is responsible for establishing and maintaining effective internal c control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control c over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the c circumstances for the purpose of expressing an opinion on compliance for each major federal c program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of c internal control over compliance. Accordingly, we do not express an opinion on the c effectiveness of the School's internal control over compliance. c

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

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

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

*PKF O'Connor Davies, LLP*

Harrison, New York c  
October 26, 2020 c

## Ascend Charter Schools

### Schedule of Findings and Questioned Costs Year Ended June 30, 2020

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

##### **Financial Statement**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified?

yes  none reported

Noncompliance material or the financial statements noted?

yes  no

##### **Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified?

yes  none reported

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

Unmodified

Any audit findings disclosed have required to be reported in accordance with 2 CFR 200.516(a)?

yes  no

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553 and 10.555

Child Nutrition Cluster

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

\$750,000

Auditor qualified as low-risk auditor?

yes  no

#### **Section II – Financial Statement Findings**

During our audit, we noted no material findings for the year ended June 30, 2020.

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

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

#### **Section IV – Prior Year Findings**

There were no prior year audit findings.