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**EMBER CHARTER SCHOOL FOR MINDFUL  
EDUCATION, INNOVATION & TRANSFORMATION**

**Financial Statements with Supplemental Information**

For the years ended June 30, 2021 and 2020

**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION  
& TRANSFORMATION**

**Financial Statements**

June 30, 2021 and 2020

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## **Independent Auditors' Report**

To the Board of Trustees of  
Ember Charter School for Mindful Education, Innovation & Transformation

### **Report on the financial statements**

We have audited the accompanying financial statements of Ember Charter School for Mindful Education, Innovation & Transformation, which comprise the statements of financial position as of June 30, 2021 and 2020, 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 on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ember Charter School for Mindful Education, Innovation & Transformation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other matters**

### **Supplemental information**

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

### **Other reporting required by government auditing standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2021, on our consideration of Ember Charter School for Mindful Education, Innovation & Transformation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Ember Charter School for Mindful Education, Innovation & Transformation's internal control over financial reporting and compliance.

NChing LLP

New York, New York  
October 29, 2021

**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION  
& TRANSFORMATION**

**Statements of Financial Position**

As of June 30,

	<u>2021</u>	<u>2020</u>
<b><u>Assets</u></b>		
<b>Current assets</b>		
Cash	\$ 3,179,106	\$ 2,891,859
Grants receivable	902,607	131,655
Prepaid expenses	187,793	71,711
Employee advances	23,377	15,844
Total current assets	<u>4,292,883</u>	<u>3,111,069</u>
<b>Property and equipment, net - Note 4</b>	621,715	395,375
<b>Other assets</b>		
Reserve contingency	75,214	75,199
Total assets	<u>\$ 4,989,812</u>	<u>\$ 3,581,643</u>
<b><u>Liabilities and Net Assets</u></b>		
<b>Current liabilities</b>		
Accounts payable	\$ 130,653	\$ 93,135
Accrued salaries and other payroll related expenses	781,048	883,961
Refundable advances	80,943	77,165
Interest payable	-	1,453
Total current liabilities	<u>992,644</u>	<u>1,055,714</u>
<b>Long-term liabilities</b>		
SBA loans payable	150,000	1,893,477
Total liabilities	<u>1,142,644</u>	<u>2,949,191</u>
<b>Net assets without donor restrictions</b>		
Undesignated	3,771,954	557,253
Reserve - contingency	75,214	75,199
Total net assets without donor restrictions	<u>3,847,168</u>	<u>632,452</u>
Total liabilities and net assets without donor restrictions	<u>\$ 4,989,812</u>	<u>\$ 3,581,643</u>

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

**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION  
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**Statements of Activities**

For the years ended June 30,

	<u>2021</u>	<u>2020</u>
<b><u>Operating revenue and other support</u></b>		
<b>State and local per pupil operating revenue</b>		
General education	\$ 8,671,062	\$ 8,455,670
Special education	<u>1,237,400</u>	<u>1,183,263</u>
Total state and local per pupil operating revenue	<u>9,908,462</u>	<u>9,638,933</u>
<b>Grants, contracts and other support</b>		
Federal grants	1,367,216	735,891
State and local grants	48,806	89,343
Cancellation of debt	1,754,390	-
Contributions	90,242	76,439
Interest and other income	<u>1,075</u>	<u>16,569</u>
Total grants, contracts and other support	<u>3,261,729</u>	<u>918,242</u>
Total operating revenue and other support	<u>13,170,191</u>	<u>10,557,175</u>
<b><u>Expenses</u></b>		
<b>Program expenses</b>		
Regular education	7,152,549	7,479,011
Special education	<u>1,828,705</u>	<u>1,719,189</u>
Total program expenses	<u>8,981,254</u>	<u>9,198,200</u>
<b>Supporting services</b>		
Management and general	893,144	794,250
Fundraising	<u>81,077</u>	<u>88,649</u>
Total supporting services	<u>974,221</u>	<u>882,899</u>
Total program and supporting services expenses	<u>9,955,475</u>	<u>10,081,099</u>
Change in net assets	3,214,716	476,076
Net assets without donor restrictions - beginning of year	<u>632,452</u>	<u>156,376</u>
Net assets without donor restrictions - end of year	<u>\$ 3,847,168</u>	<u>\$ 632,452</u>

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

**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION  
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**Statement of Functional Expenses**

For the year ended June 30, 2021

	Program services			Supporting services		Total Program and Supporting services
	Regular education	Special education	Total programs	Management & general	Fund- raising	
<b>Salaries</b>						
Instructional	\$ 4,110,332	\$ 1,072,756	\$ 5,183,088	\$ 108,880	\$ 31,583	\$ 5,323,551
Administrative	352,663	99,449	452,112	423,668	4,500	880,280
Total salaries	<u>4,462,995</u>	<u>1,172,205</u>	<u>5,635,200</u>	<u>532,548</u>	<u>36,083</u>	<u>6,203,831</u>
<b>Operating expenses</b>						
Payroll taxes and fringe benefits	1,014,112	266,356	1,280,468	121,009	8,200	1,409,677
Professional fees	-	-	-	112,252	-	112,252
Outside services - consultants	387,866	85,404	473,270	35,832	30,303	539,405
Professional development	99,016	26,007	125,023	11,815	801	137,639
Office expenses and supplies	77,122	20,256	97,378	9,203	922	107,503
Food services	240,490	47,720	288,210	-	-	288,210
Information and technology	182,722	47,992	230,714	21,803	1,477	253,994
Telephone and internet	116,257	30,535	146,792	13,872	940	161,604
Insurance	64,043	16,821	80,864	7,642	518	89,024
Instructional material	77,949	15,467	93,416	-	-	93,416
Furniture and equipment	48,175	10,062	58,237	934	63	59,234
Classroom supplies	24,182	4,799	28,981	-	-	28,981
Conferences	5,813	1,527	7,340	694	47	8,081
Postage and shipping	832	219	1,051	99	7	1,157
Repairs and maintenance	28,464	7,476	35,940	3,397	224	39,561
Advertising and recruiting	152,751	31,272	184,023	1,787	121	185,931
Bad debt	3,502	920	4,422	418	28	4,868
Depreciation and amortization	166,258	43,667	209,925	19,839	1,343	231,107
Total operating expenses	<u>2,689,554</u>	<u>656,500</u>	<u>3,346,054</u>	<u>360,596</u>	<u>44,994</u>	<u>3,751,644</u>
Total expenses	<u>\$ 7,152,549</u>	<u>\$ 1,828,705</u>	<u>\$ 8,981,254</u>	<u>\$ 893,144</u>	<u>\$ 81,077</u>	<u>\$9,955,475</u>

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

**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION  
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**Statement of Functional Expenses**

For the year ended June 30, 2020

	Program services			Supporting services		Total Program and Supporting services
	Regular education	Special education	Total programs	Management & general	Fund- raising	
<b>Salaries</b>						
Instructional	\$ 4,564,396	\$ 1,064,547	\$ 5,628,943	\$ 50,000	\$ 25,000	\$ 5,703,943
Administrative	231,238	78,579	309,817	444,667	39,710	794,194
Total salaries	<u>4,795,634</u>	<u>1,143,126</u>	<u>5,938,760</u>	<u>494,667</u>	<u>64,710</u>	<u>6,498,137</u>
<b>Operating expenses</b>						
Payroll taxes and fringe benefits	1,142,051	272,228	1,414,279	117,802	15,410	1,547,491
Professional fees	3,240	772	4,012	93,985	44	98,041
Outside services - consultants	217,774	41,004	258,778	27,816	833	287,427
Professional development	131,995	22,238	154,233	180	-	154,413
Student field trips	68,953	11,617	80,570	-	-	80,570
Office expenses and supplies	119,162	28,404	147,566	12,291	1,608	161,465
Food services	333,007	56,104	389,111	-	-	389,111
Information and technology	42,115	10,039	52,154	4,344	569	57,067
Telephone and internet	70,882	16,896	87,778	7,311	956	96,045
Insurance	56,282	13,416	69,698	5,805	759	76,262
Instructional material	144,119	24,281	168,400	-	-	168,400
Furniture and equipment	25,421	4,687	30,108	597	78	30,783
Classroom supplies	34,698	5,950	40,648	154	20	40,822
Conferences	22,555	3,800	26,355	-	-	26,355
Postage and shipping	1,464	349	1,813	151	20	1,984
Repairs and maintenance	73,206	17,450	90,656	7,551	991	99,198
Advertising and recruiting	60,849	14,504	75,353	6,277	821	82,451
Bad debt	-	-	-	1,332	-	1,332
Depreciation and amortization	135,604	32,324	167,928	13,987	1,830	183,745
Total operating expenses	<u>2,683,377</u>	<u>576,063</u>	<u>3,259,440</u>	<u>299,583</u>	<u>23,939</u>	<u>3,582,962</u>
Total expenses	<u>\$ 7,479,011</u>	<u>\$ 1,719,189</u>	<u>\$ 9,198,200</u>	<u>\$ 794,250</u>	<u>\$ 88,649</u>	<u>\$ 10,081,099</u>

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



**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION  
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**Statements of Cash Flows**

For the years ended June 30,

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 3,214,716	\$ 476,076
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	231,107	183,745
Bad debt	4,868	1,332
Cancellation of debt	(1,743,477)	-
Changes in operating assets and liabilities		
Grants receivable	(775,820)	(111,149)
Prepaid expenses	(116,082)	(51,616)
Employee advances	(7,533)	6,901
Accounts payable	37,518	(24,725)
Accrued salaries and other payroll-related benefits	(102,913)	94,053
Refundable advances	3,778	32,853
Interest payable	(1,453)	1,453
Net cash provided by operating activities	<u>744,709</u>	<u>608,923</u>
<b>Cash flows from investing activities</b>		
Reserve contingency	(15)	(31)
Acquisition of property and equipment	(457,447)	(233,828)
Net cash used in investing activities	<u>(457,462)</u>	<u>(233,859)</u>
<b>Cash flows from financing activities</b>		
Proceeds from SBA loans	-	1,893,477
Net cash provided by financing activities	<u>-</u>	<u>1,893,477</u>
Net increase in cash	287,247	2,268,541
Cash - beginning of year	<u>2,891,859</u>	<u>623,318</u>
Cash - end of year	<u><u>\$ 3,179,106</u></u>	<u><u>\$ 2,891,859</u></u>

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

# EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION & TRANSFORMATION

## Notes to the Financial Statements

June 30, 2021 and 2020

### Note 1 Organization

Ember Charter School for Mindful Education, Innovation & Transformation (the “School”), formerly known as Teaching Firms of America Professional Preparatory Charter School, is a public charter school located in Brooklyn, New York. The School opened in 2010 and currently operates classes from kindergarten to eighth grade. On March 13, 2017, a charter renewal was granted for another 5 years through June 30, 2022. The School’s mission is to prepare students to become the future professionals (lawyers, doctors, scientists, entrepreneurs, etc.) who will lead our global society in the 21st century. The School’s vision is to provide a fun, “college-successful”, community-centered, culturally rich and relevant preparatory school experience to its students, where they will be nurtured, challenged and cultivated into highly intelligent, creative and critically thinking young leaders.

### Note 2 Summary of significant accounting policies

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

**Financial statements presentation.** The financial statements of the School have been prepared in accordance with US GAAP, which require the School to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions.** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School. These net assets may be used at the discretion of the School’s management and the board of directors.

**Net assets with donor restrictions.** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION  
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**Notes to the Financial Statements**

June 30, 2021 and 2020

**Note 2 Summary of significant accounting policies - (continued)**

**Cash.** The School maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**Grants receivable.** Grants receivable are recorded at net realizable value. The allowance for doubtful accounts is the School's best estimate of the amount of probable credit losses in existing receivables. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. Grants receivable amounted to \$902,607 and \$131,655 as of June 30, 2021 and 2020, respectively. There are no allowances recorded at June 30, 2021 and 2020, as management believes all amounts are collectability.

**Donated goods and services.** The School is located in a New York City Department of Education facility and utilizes approximately 116,000 square feet at no charge. In addition, the School received donated transportation and food service services from the local district. The School was unable to determine a value for these services.

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

**Revenue recognition.** The School recognizes revenue from the state and local governments based on the School's charter status and the number of students enrolled. Such revenue is recorded when services are performed, in accordance with the charter agreement. The New York State Department of Education mandates the rate per pupil. Such revenue is recognized ratably over the related school year in which it is earned.

Grants and contracts revenue is recognized when qualifying expenditures are incurred and/or services are provided to the students during the applicable school year. Funds received in advance, or any unspent funds for which qualifying expenditures have not been incurred, are recorded as refundable advances. Any unspent amounts usually are returned to the granting agency. However, the granting agency can approve that those amounts be applied to a future grant period.

**Refundable advances.** Funds received in advance for which qualifying expenditures have not been incurred are reflected as refundable advances from state and local government grants in the accompanying statement of financial position.

**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION  
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**Notes to the Financial Statements**

June 30, 2021 and 2020

**Note 2 Summary of significant accounting policies - (continued)**

**Property, plant and equipment.** Property and equipment are recorded at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Maintenance and repairs are charged to expense as incurred; significant improvements are capitalized. The School capitalizes additions and significant improvements in excess of \$1,500. Items with an acquisition cost of less than \$1,500 or a useful life of less than one year are expensed in the year purchased. Depreciation is computed using the straight-line method over estimated useful lives of the respective assets. The estimated depreciable lives of the different classes of property are as follows:

<u>Asset</u>	<u>Useful life</u>
Furniture and fixtures	6 years
Leasehold improvements	6 years
Office equipment	6 years
Computer equipment	3 years

**Income taxes.** The School is tax-exempt under Section 501 (c)(3) of the Internal Revenue Code (IRC) and has been classified as a publicly supported organization as described in IRC sections 509(A)(1) and 170(B)(1)(A)(II).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the School has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that, as of June 30, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the financial statement.

The School is no longer subject to income tax examination by federal, state, or local tax authorities for years before June 30, 2018.

**Functional expenses.** The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services, administrative and fund raising. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Salaries	Time and effort
Payroll taxes and fringe benefits	Time and effort
Insurance	Square footage
Repairs and maintenance	Time and effort
Rent	Square footage

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**Notes to the Financial Statements**

June 30, 2021 and 2020

**Note 2 Summary of significant accounting policies - (continued)**

**Operating risk.** The coronavirus outbreak may have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measure, the Organization cannot reasonably estimate the impact to future results of operations.

**Note 3 Liquidity and availability**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of June 30, are:

Financial assets:	<u>2021</u>	<u>2020</u>
Cash	\$ 3,179,106	\$ 2,891,859
Grants and other receivables	902,607	131,655
Amount available for general expenditures within one year	<u>\$ 4,081,713</u>	<u>\$ 3,023,514</u>

**Note 4 Property, plant and equipment**

Property and equipment consist of the following at June 30,

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 139,761	\$ 530,085
Furniture and fixtures	108,964	135,262
Computer equipment	657,703	520,915
Office and telephone equipment	314,226	365,015
Software	75,179	147,346
Total property and equipment	1,295,833	1,698,623
Less: accumulated depreciation	<u>(674,118)</u>	<u>(1,303,248)</u>
Property and equipment, net	<u>\$ 621,715</u>	<u>\$ 395,375</u>

**Note 5 Accrued salaries and other payroll-related expenses**

Accrued payroll and benefits consist of amounts due to staff for payroll earned during the school year but paid over the summer months. As of June 30, 2021 and 2020, total accrued salaries and other payroll-related expenses amounted to \$781,048 and \$883,961, respectively.

# **EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION & TRANSFORMATION**

## **Notes to the Financial Statements**

June 30, 2021 and 2020

### **Note 6 Retirement plan**

The School offers a 401(k) plan for all qualifying employees who are age 21 or older. Employees are eligible for the plan immediately upon employment. Participation in the plan is voluntary. Employees can make pretax contributions up to a maximum of 95% of their annual compensation, up to IRS limits for each calendar year. For employees that have completed one year of eligibility service, the School matches 100% an employee's contribution up to 3% of the employee's annual compensation plus 50% of an employee's contribution that are between 3% and 5% of an employee's annual compensation. For the years ended June 30, 2021 and 2020, the School's matching contribution was \$84,101 and \$140,788, respectively. Such plan assets are held in a separate trust and are not included in the accompanying financial statements. All plan assets are held for the exclusive benefit of the plan's participants and beneficiaries.

### **Note 7 Concentrations of risk**

The School maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The School has not experienced any losses in such accounts. The School believes it is not exposed to significant credit risk on cash and cash equivalents. The School received approximately 87% and 92% of its operating revenue, which is subject to specific requirements, from per pupil funding from the New York State Department of Education during the years ended June 30, 2021 and 2020. Additionally, the School's grants receivable consists of approximately 99% from the New York Department of Education.

### **Note 8 SBA loans payable**

On May 1, 2020, the School obtained a loan of \$1,743,477 ("PPP loan") from Chase pursuant to the Paycheck Protection Program ("PPP") administered by the Small Business Administration (the "SBA") pursuant to the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The PPP Loan and accrued interest will be forgivable after twenty-four weeks as long as the School uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The PPP loan matures on May 1, 2022 and bears an interest rate of 1% per annum, with interest accruing on the unpaid principal balance. No payments of principal or interest were due during the six-month period beginning on the date of the PPP loan (the "Deferral Period"). The PPP loan balance as of June 30, 2020 was \$1,743,477. During fiscal year 2021, the School received notification that the PPP loan had been forgiven. The School recorded as cancellation of debt in the amount of \$1,754,390, including the accrued interest of \$10,913.

On May 24, 2020, the School obtained a loan of \$150,000 from the SBA under its Economic Injury Disaster Loan ("EIDL") assistance program in light of the impact of the COVID-19 pandemic on the School. The proceeds to be used for working capital purposes and is collateralized by all the School's assets. Interest accrues at the rate of 2.75% per annum with interest accruing on the unpaid principal balance. Installment payments, including principal and

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**Notes to the Financial Statements**

June 30, 2021 and 2020

**Note 8 SBA loans payable - (continued)**

interest, are due monthly beginning November 24, 2021 (eighteen months from the date of the EIDL) in the amount of \$641. The balance of principal and interest is payable over the next thirty years from the date of the EIDL. There are no penalties for prepayment. The EIDL balance as of June 30, 2021 and 2020 was \$150,000.

**Note 9 Commitments and contingencies**

The School participates in a number of federal and state programs. These programs require that the School comply with certain requirements of laws, regulations, contracts, and grant agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government and contracts by government agencies is presently not determinable, it should not, in the opinion of the management, have a material effect on the School's financial position or results of operations. Accordingly, no provision for any such liability that may result has been made in the accompanying financial statements.

The School has employment agreements with four key members of management which generally provide for minimum annual base compensation, bonus of up to 150% of base compensation, and other benefits. The School will continue to maintain surplus working capital and positive cash flow even when awarding key employee bonuses as contemplated under these employment agreements.

**Note 10 Support services**

Subject to annual renewal, the School entered into an agreement (the "Agreement") with third party to provide assistance with accounting and bookkeeping, financial reporting and budgeting, and grant financial management. As of June 30, 2021 and 2020, fees under the agreement amounted to \$57,960 and \$40,451, respectively.

**Note 11 Subsequent events**

Management has evaluated subsequent events through October 29, 2021, the date that the financial statements were available to be issued. Based on this evaluation, management has determined that no subsequent events have occurred which require disclosure in the financial statements.

**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION  
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**Schedule of Expenditures of Federal Awards**

For the year ended June 30, 2021

Federal Grantor/Program or Cluster Title	Federal CFDA #	Pass-through grantor and number	Federal expenditures
<b>United States Department of Education</b>			
Office of Elementary and Secondary Education			
Title I Grants to Local Educational Agencies	84.010A	NYS Education Department, 0021-21-4740	\$ 270,014
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	NYS Education Department, 0147-21-4740	34,904
Student Support and Academic Enrichment program	84.424A	NYS Education Department, 0204-21-4740	17,244
Charter Schools Program (CSP)	84.282A	NYS Education Department, 0089-19-1000	49,950
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	NYS Education Department, 5890-21-4740	158,322
Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	NYS Education Department, 5891-21-4740	<u>453,602</u>
<b>Total United States Department of Education</b>			<u>984,036</u>
<b>Child Nutrition Cluster</b>			
United States Department of Agriculture			
School Breakfast Program	10.553	NYS Education Department, 331600860975	80,291
National School Lunch Program	10.555	NYS Education Department, 331600860975	<u>159,307</u>
Total United States Department of Agriculture			<u>239,598</u>
<b>Total Child Nutrition Cluster</b>			<u>239,598</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,223,634</u></u>

The accompanying notes are an integral part of this schedule.



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**Notes to Schedule of Expenditures of Federal Awards**

For the year ended June 30, 2021

**Note 1 Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Ember Charter School for Mindful Education, Innovation & Transformation for the years ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) 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 Ember Charter School for Mindful Education, Innovation & Transformation, it is not intended to, and does not, present the financial position, changes in net position or cash flows of Ember Charter School for Mindful Education, Innovation & Transformation.

**Note 2 Summary of Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The amounts reported as expenditures in this Schedule may differ from certain financial reports submitted to federal funding agencies, due to those reports being submitted on either the cash or modified cash basis of accounting.

**Note 3 Indirect Cost Rate**

Ember Charter School for Mindful Education, Innovation & Transformation has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

## **Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Trustees of  
Ember Charter School for Mindful Education, Innovation & Transformation

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 Ember Charter School for Mindful Education, Innovation & Transformation, which comprise the statement of financial position as of June 30, 2021, 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 29, 2021.

### **Internal control over financial reporting**

In planning and performing our audit of the financial statements, we considered Ember Charter School for Mindful Education, Innovation & Transformation'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 Ember Charter School for Mindful Education, Innovation & Transformation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ember Charter School for Mindful Education, Innovation & Transformation'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 Ember Charter School for Mindful Education, Innovation & Transformation'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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## **Purpose of this report**

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

NCheng LLP

New York, New York  
October 29, 2021

## **Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Trustees of  
Ember Charter School for Mindful Education, Innovation & Transformation

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

We have audited Ember Charter School for Mindful Education, Innovation & Transformation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ember Charter School for Mindful Education, Innovation & Transformation's major federal programs for the year ended June 30, 2021. Ember Charter School for Mindful Education, Innovation & Transformation's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Ember Charter School for Mindful Education, Innovation & Transformation's compliance.

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

In our opinion, Ember Charter School for Mindful Education, Innovation & Transformation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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

Management of Ember Charter School for Mindful Education, Innovation & Transformation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ember Charter School for Mindful Education, Innovation & Transformation's internal control 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 circumstances for the purpose of expressing an opinion on compliance for each major federal 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ember Charter School for Mindful Education, Innovation & Transformation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

NChing LLP

New York, New York  
October 29, 2021

**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION & TRANSFORMATION**

**Schedule of Findings and Questioned Costs**

For the year ended June 30, 2021

**Schedule I – Summary of auditor’s results**

Financial statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not Considered to be material weakness(es)?

\_\_\_ yes X no

\_\_\_ yes X none reported

Noncompliance material to financial statements noted?

\_\_\_ yes X no

Federal awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not Considered to be material weakness(es)?

\_\_\_ yes X no

\_\_\_ yes X none reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance under Section 2CFR200.516(a)

\_\_\_ yes X no

Identification of major federal programs:

<u>CFDA number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I Grants to Local Educational Agencies
10.553 and 10.555	Child Nutrition Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_ yes X no

**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION & TRANSFORMATION**

**Schedule of Findings and Questioned Costs**

For the year ended June 30, 2021

**Section II – Financial Statement Findings**

None noted.

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

None noted.



**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION &  
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**Corrective Action Plan**

For the year ended June 30, 2021

Corrective action plan is not applicable for the year ended June 30, 2021.

**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION &  
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**Summary Schedule of Prior Audit Findings**

For the year ended June 30, 2021

There were no prior audit findings.