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

Financial Statements

For the years ended June 30, 2019 and 2018

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

Financial Statements

June 30, 2019 and 2018

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Independent Auditors' Report

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

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, 2019 and 2018, 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, 2019 and 2018, 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 reporting required by government auditing standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2019, 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, 2019

**EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION
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Statements of Financial Position

As of June 30,

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 623,318	\$ 94,236
Grants receivable	21,838	281,796
Prepaid expenses	20,095	24,340
Employee advances	<u>22,745</u>	<u>62,819</u>
Total current assets	687,996	463,191
Property and equipment, net - Note 4	345,292	375,470
Other assets		
Security deposits	-	10,000
Restricted cash	<u>75,168</u>	<u>75,131</u>
Total assets	<u>\$ 1,108,456</u>	<u>\$ 923,792</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 117,832	\$ 217,054
Accrued salaries and other payroll related expenses	789,936	545,453
Refundable advances	<u>44,312</u>	<u>17,011</u>
Total current liabilities	<u>952,080</u>	<u>779,518</u>
Net assets without donor restrictions		
Undesignated	81,208	69,143
Reserve - contingency	<u>75,168</u>	<u>75,131</u>
Total net assets without donor restrictions	<u>156,376</u>	<u>144,274</u>
Total liabilities and net assets without donor restrictions	<u>\$ 1,108,456</u>	<u>\$ 923,792</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>2019</u>	<u>2018</u>
<u>Operating revenue and other support</u>		
State and local per pupil operating revenue		
General education	\$ 8,187,435	\$ 6,942,975
Special education	1,007,288	645,493
Total state and local per pupil operating revenue	<u>9,194,723</u>	<u>7,588,468</u>
Grants and contracts		
Federal grants	748,373	742,425
State and local grants	78,090	40,465
Facilities lease assistance	70,029	366,666
Contributions	65,694	16,518
Interest and other Income	<u>23,825</u>	<u>35,862</u>
Total grants and contracts	<u>986,011</u>	<u>1,201,936</u>
Total operating revenue and other support	<u>10,180,734</u>	<u>8,790,404</u>
<u>Expenses</u>		
Program expenses		
Regular education	7,784,105	6,706,721
Special education	<u>1,640,251</u>	<u>1,387,908</u>
Total program expenses	<u>9,424,356</u>	<u>8,094,629</u>
Supporting services		
Management and general	663,977	813,862
Fundraising	<u>80,300</u>	<u>74,420</u>
Total supporting services	<u>744,277</u>	<u>888,282</u>
Total program and supporting services expenses	<u>10,168,632</u>	<u>8,982,911</u>
Change in net assets	12,102	(192,507)
Net assets without donor restrictions - beginning of year	<u>144,274</u>	<u>336,781</u>
Net assets without donor restrictions - end of year	<u><u>\$ 156,376</u></u>	<u><u>\$ 144,274</u></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, 2019

	Program services			Supporting services		Total Program and Supporting services 2019
	Regular education	Special education	Total programs	Management & general	Fund- raising	
Salaries						
Instructional	\$ 4,521,886	\$ 966,770	\$ 5,488,656	\$ 49,324	\$ 24,661	\$ 5,562,641
Administrative	194,162	66,221	260,383	377,975	33,598	671,956
Total salaries	<u>4,716,048</u>	<u>1,032,991</u>	<u>5,749,039</u>	<u>427,299</u>	<u>58,259</u>	<u>6,234,597</u>
Operating expenses						
Payroll taxes and fringe benefits	1,117,769	244,833	1,362,602	101,275	13,809	1,477,686
Professional fees	-	-	-	48,307	-	48,307
Legal settlement net of insurance reimbursement	109,296	23,940	133,236	9,903	1,350	144,489
Outside services - consultants	227,305	41,535	268,840	26,517	764	296,121
Professional development	86,760	14,617	101,377	666	-	102,043
Student field trips	371,484	62,586	434,070	-	-	434,070
Office expenses and supplies	91,739	20,309	112,048	8,097	1,133	121,278
Food services	484,008	81,545	565,553	-	-	565,553
Information and technology	11,175	2,448	13,623	1,012	138	14,773
Telephone and internet	64,166	14,054	78,220	5,814	793	84,827
Insurance	43,470	9,518	52,988	3,939	537	57,464
Instructional material	96,180	16,204	112,384	-	-	112,384
Furniture and equipment	31,009	5,305	36,314	142	19	36,475
Classroom supplies	32,812	5,354	38,166	-	-	38,166
Conferences	17,686	2,980	20,666	-	-	20,666
Postage and shipping	2,080	456	2,536	188	26	2,750
Repairs and maintenance	78,397	17,172	95,568	7,107	968	103,643
Rent	25,214	5,523	30,737	2,285	311	33,333
Advertising and recruiting	44,326	9,709	54,035	4,016	548	58,599
Bad debt	-	-	-	5,343	-	5,343
Depreciation and amortization	133,181	29,172	162,353	12,067	1,645	176,065
Total operating expenses	<u>3,068,057</u>	<u>607,260</u>	<u>3,675,316</u>	<u>236,678</u>	<u>22,041</u>	<u>3,934,035</u>
Total expenses	<u>\$ 7,784,105</u>	<u>\$ 1,640,251</u>	<u>\$ 9,424,355</u>	<u>\$ 663,977</u>	<u>\$ 80,300</u>	<u>\$ 10,168,632</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, 2018

	Program services			Supporting services		Total Program and Supporting services 2018
	Regular education	Special education	Total programs	Management & general	Fund-raising	
Salaries						
Instructional	\$ 3,812,660	\$ 792,017	\$ 4,604,677	\$ 41,321	\$ 20,660	\$ 4,666,658
Administrative	176,089	60,030	236,119	341,289	30,390	607,798
Total salaries	<u>3,988,749</u>	<u>852,047</u>	<u>4,840,796</u>	<u>382,610</u>	<u>51,050</u>	<u>5,274,456</u>
Operating expenses						
Payroll taxes and fringe benefits	972,622	207,764	1,180,386	93,297	12,448	1,286,131
Professional fees	-	-	-	39,641	-	39,641
Legal settlement net of insurance reimbursement	-	-	-	200,200	-	200,200
Outside services - consultants	161,331	28,493	189,824	23,265	372	213,461
Professional development	78,284	13,189	91,473	3,594	-	95,067
Student field trips	41,877	7,055	48,932	-	-	48,932
Office expenses and supplies	102,385	21,871	124,256	9,827	2,223	136,306
Food services	491,603	82,824	574,427	-	-	574,427
Information and technology	10,414	2,225	12,639	995	137	13,771
Telephone and internet	48,451	10,350	58,801	4,647	620	64,068
Insurance	35,143	7,507	42,650	3,371	450	46,471
Instructional material	128,424	21,637	150,061	-	-	150,061
Furniture and equipment	26,077	4,486	30,563	196	26	30,785
Classroom supplies	44,946	7,719	52,665	312	41	53,018
Conferences	33,394	5,626	39,020	-	-	39,020
Postage and shipping	1,390	297	1,687	133	18	1,838
Repairs and maintenance	53,598	11,449	65,047	5,142	686	70,875
Rent	285,763	60,161	345,924	26,320	3,760	376,004
Advertising and recruiting	78,810	16,835	95,645	7,559	1,009	104,213
Bad debt	-	-	-	911	-	911
Depreciation and amortization	123,460	26,373	149,833	11,842	1,580	163,255
Total operating expenses	<u>2,717,972</u>	<u>535,861</u>	<u>3,253,833</u>	<u>431,252</u>	<u>23,370</u>	<u>3,708,455</u>
Total expenses	<u>\$ 6,706,721</u>	<u>\$ 1,387,908</u>	<u>\$ 8,094,629</u>	<u>\$ 813,862</u>	<u>\$ 74,420</u>	<u>\$ 8,982,911</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>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 12,102	\$ (192,507)
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	176,065	163,255
Gain on disposal of property and equipment	-	(300)
Bad debt	5,343	911
Changes in operating assets and liabilities		
Grants receivable	254,615	(97,517)
Prepaid expenses	4,245	(12,344)
Employee advances	40,074	26,259
Security deposits	10,000	-
Accounts payable	(99,222)	98,477
Accrued salaries and other payroll-related benefits	244,483	(590,544)
Refundable advances	27,301	9,501
Net cash provided by/ (used in) operating activities	<u>675,006</u>	<u>(594,809)</u>
Cash flows used in investing activities		
Reserve contingency	(37)	(38)
Proceeds from sale of assets	-	300
Acquisition of property and equipment	<u>(145,887)</u>	<u>(227,647)</u>
Net cash used in investing activities	<u>(145,924)</u>	<u>(227,385)</u>
Net increase (decrease) in cash and cash equivalents	529,082	(822,194)
Cash and cash equivalents - beginning of year	<u>94,236</u>	<u>916,430</u>
Cash and cash equivalents - end of year	<u>\$ 623,318</u>	<u>\$ 94,236</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, 2019 and 2018

Note 1 Organization

Ember Charter School for Mindful Education, Innovation & Transformation (the “School”), was formerly known as Teaching Firms of America Professional Preparatory Charter School. Ember Charter School for Mindful Education, Innovation & Transformation 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 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 U.S. generally accepted accounting principles (“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 organization. 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 Organization 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.

Cash and cash equivalents. The School considers all short-term, highly liquid investments, such as money market funds, to be cash equivalents.

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Notes to the Financial Statements

June 30, 2019 and 2018

Note 2 Summary of significant accounting policies - (continued)

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 \$21,838 and \$281,796 as of June 30, 2019 and 2018, respectively. There are no allowances recorded at June 30, 2019 and 2018, 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.

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 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.

Functional allocation of expenses. The cost of providing the various programs and other activities has been summarized on an individual basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expense includes expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School.

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

June 30, 2019 and 2018

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

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.

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, 2019 and 2018, 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, 2016.

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Notes to the Financial Statements

June 30, 2019 and 2018

Note 2 Summary of significant accounting policies - (continued)

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

Change in accounting principle. On August 18, 2016, FABS issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for Profit Entities. The update addresses the complexity and understandability of net asset classification, efficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

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>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 623,318	\$ 94,236
Grants and other receivables	21,838	281,796
Amount available for general expenditures within one year	<u>\$ 645,156</u>	<u>\$ 376,032</u>

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

June 30, 2019 and 2018

Note 4 Property, plant and equipment

Property and equipment consist of the following at June 30,

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 521,685	\$ 521,685
Furniture and fixtures	124,457	109,690
Computer equipment	344,036	327,633
Office and telephone equipment	349,422	259,405
Software	<u>125,195</u>	<u>100,495</u>
Total property and equipment	1,464,795	1,318,908
Less: accumulated depreciation	<u>(1,119,503)</u>	<u>(943,438)</u>
Property and equipment, net	<u>\$ 345,292</u>	<u>\$ 375,470</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, 2019 and 2018, total accrued salaries and other payroll-related expenses amounted to \$789,936 and \$545,453, respectively.

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 and 50% of an employee's contribution that are between 3% and 5% of an employee's annual compensation. For the years ended June 30, 2019 and 2018, the School's matching contribution was \$95,161 and \$143,045, 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.

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Notes to the Financial Statements

June 30, 2019 and 2018

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 92% and 91% of its operating revenue, which is subject to specific requirements, from per pupil funding from the New York City Department of Education during the years ended June 30, 2019 and 2018, respectively. Additionally, the School's grants receivable consists of approximately 99% from the New York Department of Education.

Note 8 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. Due to the School's negative working capital and negative cash flows, the School has continued to negotiate its employment agreements with these four key members to avoid future deficits.

Litigation

From time to time, the School is a defendant in actions arising in the ordinary course of business. Legal settlement was accrued based on management best estimate of its outcome. In the opinion of management, such litigation will not have a material adverse effect on the School's financial condition or change in net assets.

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Notes to the Financial Statements

June 30, 2019 and 2018

Note 9 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, 2019 and 2018, fees under the agreement amounted to \$30,906 and \$23,041, respectively.

Note 10 Subsequent events

Subsequent Events. Management has evaluated its June 30, 2019 financial statements for subsequent events through October 29, 2019, which is the date the financial statements were available to be issued. Based on this evaluation, management has determined that no subsequent events have occurred which require recognition or disclosure in the financial statements.

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
Brooklyn, New York

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, 2019, 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, 2019.

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.

NChing LLP

New York, New York
October 29, 2019