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

Financial Statements with Supplementary Information

For the years ended June 30, 2023 and 2022

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

Financial Statements

June 30, 2023 and 2022

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ember Charter School for Mindful Education, Innovation & Transformation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ember Charter School for Mindful Education, Innovation & Transformation as of June 30, 2023 and 2022, 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.

Basis for opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ember Charter School for Mindful Education, Innovation & Transformation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2023, Ember Charter School for Mindful Education, Innovation & Transformation adopted new accounting guidance, Accounting Standards Update ASU 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to that matter.

Responsibility of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ember Charter School for Mindful Education, Innovation & Transformation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness Ember Charter School for Mindful Education, Innovation & Transformation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ember Charter School for Mindful Education, Innovation & Transformation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary information

Our audits were 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards 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 October 30, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ember Charter School for Mindful Education, Innovation & Transformation’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ember Charter School for Mindful Education, Innovation & Transformation’s internal control over financial reporting and compliance.

NChing LLP

New York, New York
October 30, 2023

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

Statements of Financial Position

As of June 30,

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current assets		
Cash	\$ 1,418,106	\$ 3,622,164
Grants and other receivables	359,276	1,295,705
Prepaid expenses	162,522	123,227
Security deposit	100,000	-
Employee advances	11,862	31,225
Total current assets	<u>2,051,766</u>	<u>5,072,321</u>
Property and equipment, net	741,151	649,142
Operating lease right-of-use assets	10,669,387	-
Other assets		
Reserve contingency	95,726	75,229
Total assets	<u>\$ 13,558,030</u>	<u>\$ 5,796,692</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 345,247	\$ 469,870
Accrued salaries and other payroll related expenses	1,008,867	1,008,867
Current portion of operating lease liabilities	298,636	-
Refundable advances	311,753	8,443
Total current liabilities	<u>1,964,503</u>	<u>1,487,180</u>
Long-term liabilities		
Long-term operating lease liabilities	10,743,672	-
SBA loan payable	150,000	150,000
Total liabilities	<u>12,858,175</u>	<u>1,637,180</u>
Net assets without donor restrictions		
Undesignated	604,129	4,084,283
Reserve - contingency	95,726	75,229
Total net assets without donor restrictions	<u>699,855</u>	<u>4,159,512</u>
Total liabilities and net assets	<u>\$ 13,558,030</u>	<u>\$ 5,796,692</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>2023</u>	<u>2022</u>
<u>Operating revenue and other support</u>		
State and local per pupil operating revenue		
General education	\$ 7,254,107	\$ 8,229,439
Special education	1,067,814	1,175,129
Facilities lease assistance	252,660	214,221
	<u>8,574,581</u>	<u>9,618,789</u>
Grants, contracts and other support		
Federal grants	1,825,903	2,175,548
State and local grants	47,283	8,932
Contributions	221,956	44,464
Interest and other income	48,235	22,897
	<u>2,143,377</u>	<u>2,251,841</u>
Total grants, contracts and other support	<u>2,143,377</u>	<u>2,251,841</u>
Total operating revenue and other support	<u>10,717,958</u>	<u>11,870,630</u>
<u>Expenses</u>		
Program expenses		
Regular education	8,992,439	8,166,652
Special education	3,364,309	2,054,977
	<u>12,356,748</u>	<u>10,221,629</u>
Total program expenses	<u>12,356,748</u>	<u>10,221,629</u>
Supporting services		
Management and general	1,673,631	1,216,185
Fundraising	147,236	120,472
	<u>1,820,867</u>	<u>1,336,657</u>
Total supporting services	<u>1,820,867</u>	<u>1,336,657</u>
Total program and supporting services expenses	<u>14,177,615</u>	<u>11,558,286</u>
Change in net assets	(3,459,657)	312,344
Net assets without donor restrictions - beginning of year	<u>4,159,512</u>	<u>3,847,168</u>
Net assets without donor restrictions - end of year	<u>\$ 699,855</u>	<u>\$ 4,159,512</u>

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

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

Statement of Functional Expenses

For the year ended June 30, 2023

	No. of Positions	Program services			Supporting services		Total Program and Supporting services
		Regular education	Special education	Total programs	Management & general	Fund- raising	
Salaries							
Administrative staff personnel	36.00	\$ 350,573	\$ 110,012	\$ 460,585	\$ 610,646	\$ 11,646	\$ 1,082,877
Instructional personnel	76.00	3,761,350	1,529,517	5,290,867	202,719	49,677	5,543,263
Total salaries	112.00	4,111,923	1,639,529	5,751,452	813,365	61,323	6,626,140
Operating expenses							
Fringe benefits and payroll taxes		902,418	359,817	1,262,235	178,504	13,458	1,454,197
Retirement		76,670	30,570	107,240	15,166	1,143	123,549
Legal services		-	-	-	85,000	-	85,000
Accounting and auditing services		-	-	-	92,230	-	92,230
Other professional and consulting services		358,094	96,157	454,251	37,080	252	491,583
Building and land rent		532,578	214,539	747,117	105,657	7,965	860,739
Repairs and maintenance		655,540	261,380	916,920	129,670	9,776	1,056,366
Insurance		64,870	25,865	90,735	12,832	967	104,534
Utilities		38,718	15,438	54,156	7,659	577	62,392
Supplies and materials		525,379	135,681	661,060	-	-	661,060
Equipment and furnishings		13,755	4,508	18,263	1,347	101	19,711
Staff development		347,093	138,395	485,488	68,657	5,176	559,321
Marketing and recruiting		238,234	68,020	306,254	9,146	690	316,090
Technology		206,340	77,504	283,844	34,098	2,571	320,513
Food service		430,438	111,163	541,601	-	-	541,601
Student services		69,675	17,994	87,669	-	-	87,669
Office expense		177,263	70,679	247,942	35,063	2,644	285,649
Depreciation and amortization		234,478	93,492	327,970	46,382	3,497	377,849
Interest expense		738	269	1,007	142	2,976	4,125
Other		8,235	3,309	11,544	1,633	34,120	47,297
Total operating expenses		\$ 8,992,439	\$ 3,364,309	\$ 12,356,748	\$ 1,673,631	\$ 147,236	\$ 14,177,615

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, 2022

	No. of Positions	Program services			Supporting services		Total Program and Supporting services
		Regular education	Special education	Total programs	Management & general	Fund- raising	
Salaries							
Administrative staff personnel	24.00	\$ 331,430	\$ 96,986	\$ 428,416	\$ 439,145	\$ 5,903	\$ 873,464
Instructional personnel	56.00	4,045,168	1,034,766	5,079,934	241,982	54,861	5,376,777
Total salaries	80.00	4,376,598	1,131,752	5,508,350	681,127	60,764	6,250,241
Operating expenses							
Fringe benefits and payroll taxes		834,509	215,797	1,050,306	129,874	11,586	1,191,766
Retirement		68,740	17,776	86,516	10,698	954	98,168
Legal services		-	-	-	46,854	-	46,854
Accounting and auditing services		-	-	-	91,524	-	91,524
Other professional and consulting services		414,473	93,334	507,807	26,841	883	535,531
Building and land rent		171,433	44,331	215,764	26,680	2,380	244,824
Repairs and maintenance		267,125	69,076	336,201	41,573	3,709	381,483
Insurance		69,306	17,922	87,228	10,786	962	98,976
Utilities		67,934	17,567	85,501	10,573	943	97,017
Supplies and materials		258,054	56,188	314,242	-	-	314,242
Equipment and furnishings		16,929	4,090	21,019	1,539	137	22,695
Staff development		232,654	60,162	292,816	36,208	3,230	332,254
Marketing and recruiting		198,631	43,983	242,614	2,794	249	245,657
Technology		244,837	61,935	306,772	32,854	2,931	342,557
Food service		449,311	97,831	547,142	-	-	547,142
Student services		123,812	26,958	150,770	-	-	150,770
Office expense		143,229	37,038	180,267	22,291	1,989	204,547
Depreciation and amortization		221,751	57,343	279,094	34,511	3,078	316,683
Interest expense		-	-	-	8,318	-	8,318
Other		7,326	1,894	9,220	1,140	26,677	37,037
Total operating expenses		\$ 8,166,652	\$ 2,054,977	\$ 10,221,629	\$ 1,216,185	\$ 120,472	\$ 11,558,286

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

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

For the years ended June 30,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ (3,459,657)	\$ 312,344
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	377,849	316,683
Amortization of operating lease right-of-use assets	489,643	-
Bad debt	-	1,977
Grants and other receivables	936,429	(395,075)
Prepaid expenses	(39,295)	64,566
Security deposit	(100,000)	-
Employee advances	19,363	(7,848)
Accounts payable	(124,623)	339,217
Accrued salaries and other payroll related benefits	-	227,819
Operating lease liabilities	(116,722)	-
Refundable advances	303,310	(72,500)
Net cash provided by (used in) operating activities	<u>(1,713,703)</u>	<u>787,183</u>
Cash flows from investing activities		
Acquisition of property and equipment	<u>(469,858)</u>	<u>(344,110)</u>
Net cash used in investing activities	<u>(469,858)</u>	<u>(344,110)</u>
Net change in cash and restricted cash	(2,183,561)	443,073
Cash and restricted cash - beginning of year	<u>3,697,393</u>	<u>3,254,320</u>
Cash and restricted cash - end of year	<u><u>\$ 1,513,832</u></u>	<u><u>\$ 3,697,393</u></u>
Cash and restricted cash as reported within the statement of financial position		
Cash	\$ 1,418,106	\$ 3,622,164
Reserve contingency	95,726	75,229
	<u><u>\$ 1,513,832</u></u>	<u><u>\$ 3,697,393</u></u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u><u>\$ 5,128</u></u>	<u><u>\$ -</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, 2023 and 2022

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 eleventh grade. On April 12, 2022, a charter renewal was granted for another 3 years through June 30, 2025. 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. 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, 2023 and 2022

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 \$359,276 and \$1,295,705 as of June 30, 2023 and 2022, respectively. There are no allowances recorded at June 30, 2023 and 2022, as management believes all amounts are collectible.

Donated goods and services. The School is located in a New York City Department of Education (NYCDOE) 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.

Leases. As of July 1, 2022, the School adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which was amended in some respects by subsequent ASUs, collectively Accounting Standards Codification 842 (ASC 842), and supersedes existing lease guidance. The standard requires the School to record operating lease right-of-use assets and corresponding lease liabilities on the statement of financial position and disclose key quantitative and qualitative information about lease contracts.

Under ASC 842, the School determines if a contract is a leasing arrangement at inception. Operating lease right-of-use assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The School uses the risk-free rate of return. The School recognized operating lease expense for operating leases on a straight-line basis over the lease term.

The School leases facility space and various office equipment under non-cancelable operating leases. Leases with an initial term of 12 months or less are not recorded on the statement of financial position and are expensed on a straight-line basis.

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.

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

June 30, 2023 and 2022

Note 2 Summary of significant accounting policies - (continued)

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 statements of financial position.

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).

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

June 30, 2023 and 2022

Note 2 Summary of significant accounting policies - (continued)

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, 2023, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the financial statements.

The School is no longer subject to income tax examination by federal, state, or local tax authorities for years before June 30, 2020.

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

Recently adopted accounting pronouncements. In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* that requires a lessee to recognize on the statement of financial position a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term, regardless of classification of a lease as an operating or finance lease. The School adopted ASU 2016-02 on July 1, 2022, using the modified retrospective approach for operating leases, with a term greater than 12 months. The School also elected the package of practical expedients permitted under the new standard that allowed the School to carry forward historical lease classification for existing leases on the adoption date, and allowed the School not to assess whether an existing contract contains a lease or initial direct costs. As permitted by the guidance, prior comparative periods will not be adjusted under this method.

The adoption of this standard resulted in recognition of operating lease right-of-use assets in the amount of \$11,159,030 and lease liabilities in the amount of \$11,150,641 for operating leases on the statement of financial position as of July 1, 2022. There was no material impact on the statements of activities, statements of functional expenses or statements of cash flows.

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

June 30, 2023 and 2022

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 School 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>2023</u>	<u>2022</u>
Cash	\$ 1,418,106	\$ 3,622,164
Grants and other receivables	359,276	1,295,705
Amount available for general expenditures within one year	<u>\$ 1,777,382</u>	<u>\$ 4,917,869</u>

The School structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 4 Property, plant and equipment

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 396,890	\$ 188,261
Furniture and fixtures	186,760	154,618
Computer equipment	1,074,234	856,448
Office and telephone equipment	376,738	365,437
Software	-	75,179
Total property and equipment	2,034,622	1,639,943
Less: accumulated depreciation	<u>(1,293,471)</u>	<u>(990,801)</u>
Property and equipment, net	<u>\$ 741,151</u>	<u>\$ 649,142</u>

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

June 30, 2023 and 2022

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, 2023 and 2022, total accrued salaries and other payroll-related expenses were \$1,008,867.

Note 6 Operating lease

On September 20, 2021, the School entered a 5-year lease agreement with Bedford Stuyvesant Restoration Corporation (BSRC) for its high school space because NYC Department of Education (NYC DOE) was unable to provide space in an existing public-school building. NYC DOE reimbursed the School based on its high school enrollment. For the years ended June 30, 2023 and 2022, the School received facilities lease assistance from NYC DOE in the amount of \$252,660 and \$214,221, respectively.

The School initially occupied a temporary space of approximately 10,000 square ft on the 2nd floor of BSRC's main building as the School continued to negotiate and develop the build out plan for the anticipated permanent space under the lease. In April 2022, BSRC declined to move forward with the project and the School was forced to identify and enter into a new lease at another location. Upon surrender of the lease, the School paid BSRC the initially abated rent for the entire year in the amount of \$244,824.

On August 2022, the School entered a 17-year lease with 78-84 Hudson Street LLC for its new high school space.

The School also leases various office equipment.

The School determines if an arrangement is a lease at the inception of a contract, and recognizes operating lease expense on a straight-line basis over the lease term. Leases with an initial term of twelve months or less are not recorded on the statement of financial position and are expensed on a straight-line basis.

Operating expenses for the leasing activity of the School as lessee for the year ended June 30, 2023 are as follows:

Lease type	
<u>Operating lease costs</u>	<u>\$ 838,942</u>

Total rent expense was \$838,942 and \$244,824 for the years ended June 30, 2023 and 2022, respectively, and is included in building and land rent on the accompanying statements of functional expenses.

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

Notes to the Financial Statements

June 30, 2023 and 2022

Note 6 Operating lease - (continued)

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of June 30, 2023, and a reconciliation to operating lease liabilities reported on the statements of financial position:

2024	\$ 672,591
2025	750,717
2026	770,572
2027	793,689
2028	817,500
Thereafter	10,879,008
Total lease payments	<u>14,684,077</u>
Less interest	<u>(3,641,769)</u>
Present value of lease liabilities	<u>\$ 11,042,308</u>

Operating lease terms and discount rate at June 30, 2023 are as follows:

Weighted average remaining lease term (years)	3.8
Weighted average discount rate	3.44%

The following summarizes cash paid for operating lease liabilities and other non-cash information as of June 30, 2023:

Cash paid for amounts included in measurement of operating lease liabilities	\$ 466,021
Operating lease right-of-use assets obtained in exchange for operating lease obligations	\$ 11,159,030

Note 7 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% of 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, 2023 and 2022, the School's matching contribution was \$117,237 and \$90,909, 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.

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

June 30, 2023 and 2022

Note 8 SBA loans payable

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 are to be used for working capital purposes and is collateralized by all of the School’s assets. Interest accrues at the rate of 2.75% per annum. Installment payments, including principal and interest, are due monthly beginning November 24, 2022. The balance of principal and interest is payable over the next 30 years from the date of the EIDL. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal. There are no penalties for prepayment. The EIDL balance as of June 30, 2023 and 2022 was \$150,000.

Future annual principal payments required for each of the next five years and in the aggregate thereafter are as follows:

2024	\$	2,394
2025		3,675
2026		3,777
2027		3,882
2028		3,990
Thereafter		132,282
	\$	<u>150,000</u>

Note 9 Support services

Subject to annual renewal, the School entered into an agreement (the “Agreement”) with a third party to provide assistance with accounting and bookkeeping, financial reporting and budgeting, and grant financial management. As of June 30, 2023 and 2022, fees under the agreement amounted to \$59,130 and \$40,224, respectively.

Note 10 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 80% and 81% 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, 2023 and 2022. Additionally, the School’s grants receivable consists of approximately 89% and 86% , respectively from the New York Department of Education as of June 30, 2023 and 2022.

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

June 30, 2023 and 2022

Note 11 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, in the opinion of the management, the ultimate outcome of such audits would not 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, a 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 12 Subsequent events

Management has evaluated subsequent events through October 30, 2023, 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
& TRANSFORMATION**
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal expenditures
U.S. Department of Education				
<u>Pass-through New York State Education Department:</u>				
Title I Grants to Local Educational Agencies	84.010A	0021-23-4740	\$ -	\$ 233,693
Supporting Effective Instruction State Grants	84.367A	0147-23-4740	-	19,391
Student Support and Academic Enrichment program	84.424A	0204-23-4740	-	19,350
COVID-19 Education Stabilization Fund subprograms:				
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	5891-21-4740	-	74,232
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-4740	-	842,155
COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth	84.425W	5218-21-4740	-	11,722
Total for program			-	928,109
Total U.S. Department of Education			-	1,200,543
U.S. Department of Agriculture				
<u>Pass-through New York State Education Department:</u>				
School Breakfast Program	10.553	331600860975	-	138,904
National School Lunch Program	10.555	331600860975	-	300,134
Total Child Nutrition Cluster			-	439,038
Pandemic EBT Food Benefits (P-EBT)	10.542	331600860975	-	1,256
Total U.S. Department of Agriculture			-	440,294
Total Expenditures of Federal Awards			\$ -	\$ 1,640,837

The accompanying notes are an integral part of the schedule.

EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION & TRANSFORMATION

Notes to Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

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 year ended June 30, 2023. 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 Auditor’s Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees 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, 2023, 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 30, 2023.

Report on 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 internal control over financial reporting (internal control) as a basis for designing 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 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 or significant deficiencies may exist that were not identified.

Report on compliance and other matters

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

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 30, 2023

Independent Auditor's 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

Opinion on each major federal program

We have audited Ember Charter School for Mindful Education, Innovation & Transformation's compliance with the types of compliance requirements identified as subject to audit 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, 2023. Ember Charter School for Mindful Education, Innovation & Transformation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for opinion on each major federal program

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).

Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Ember Charter School for Mindful Education, Innovation & Transformation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Ember Charter School for Mindful Education, Innovation & Transformation's compliance with the compliance requirements referred to above.

Responsibilities of management for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Ember Charter School for Mindful Education, Innovation & Transformation's federal programs.

Auditor's responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Ember Charter School for Mindful Education, Innovation & Transformation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Ember Charter School for Mindful Education, Innovation & Transformation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Ember Charter School for Mindful Education, Innovation & Transformation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Ember Charter School for Mindful Education, Innovation & Transformation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Ember Charter School for Mindful Education, Innovation & Transformation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

NCheng LLP

New York, New York
October 30, 2023



EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION & TRANSFORMATION

Schedule of Findings and Questioned Costs

For the year ended June 30, 2023

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? ___ yes X no
- Significant deficiency(ies) identified that are not Considered to be material weakness(es)? ___ 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? ___ yes X no
- Significant deficiency(ies) identified that are not Considered to be material weakness(es)? ___ 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:

Federal Assistance Listing Number	Name of Federal Program or Cluster
84.425D	COVID-19 Elementary and Secondary School Emergency Relief (ESSER II) Fund
84.425U	COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)
84.425W	COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes ___ no

EMBER CHARTER SCHOOL FOR MINDFUL EDUCATION, INNOVATION & TRANSFORMATION

Schedule of Findings and Questioned Costs

For the year ended June 30, 2023

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, 2023

Corrective action plan is not applicable for the year ended June 30, 2023.

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

For the year ended June 30, 2023

There were no prior audit findings.



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Mission

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Vision

Our vision is to use our Teaching Firm, a unique teacher-led organizational model, to be a fun, holistic, ‘college-successful’, career-ready, community-centered, culturally rich and relevant incubator of exceptional human potential where we spark, nurture and unleash mindful people empowered to affect positive change in the communities we serve.

October 30, 2023

NCHENG LLP
40 Wall Street, 32nd Floor
New York, NY 10005

This representation letter is provided in connection with your audits of the financial statements of Ember Charter School for Mindful Education, Innovation & Transformation (the “School”), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively, the “financial statements”), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 30, 2023, the following representations made to you during your audit.

Consolidated Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 19, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the School’s accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.

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11) Guarantees, whether written or oral, under which the School is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

12) As part of your audit, you assisted with preparation of the financial statements and disclosures and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule of expenditures of federal awards.

Information Provided

13) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the School from whom you determined it necessary to obtain audit evidence.
- d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

14) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

15) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

16) We have no knowledge of any fraud or suspected fraud that affects the School and involves:

- a) Management,
- b) Employees who have significant roles in internal control, or
- c) Others where the fraud could have a material effect on the financial statements.

17) We have no knowledge of any allegations of fraud or suspected fraud affecting the School’s financial statements communicated by employees, former employees, grantors, regulators, or others.

18) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

19) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.

20) We have disclosed to you the names of all of the School’s related parties and all the related-party relationships and transactions, including any side agreements.

21) The School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

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22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

23) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

24) The School is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization’s tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

25) We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

26) With respect to federal award programs:

- a. We are responsible for understanding and complying with, and have complied with the 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), relating to preparation of the schedule of expenditures of federal awards.
- b. We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor’s report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of

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718-285-3787
www.embercs.org

Mission

We endeavor to ignite, empower, and transform young people of great promise traditionally labeled “at-risk” and who have access to the least economic resources, into social entrepreneurs, engineers, and global leaders through our innovative, holistic, and progressive human development school model.

Vision

Our vision is to use our Teaching Firm, a unique teacher-led organizational model, to be a fun, holistic, ‘college-successful’, career-ready, community-centered, culturally rich and relevant incubator of exceptional human potential where we spark, nurture and unleash mindful people empowered to affect positive change in the communities we serve.

- federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
 - h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
 - i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
 - j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor’s report.
 - k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor’s report.
 - l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB’s Uniform Guidance (2 CFR part 200, subpart E).
 - m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
 - o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor’s report.
 - q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor’s report.
 - r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - w. We have charged costs to federal awards in accordance with applicable cost principles.

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- x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
 - y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
 - z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
 - aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
 - bb. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
- 27) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 28) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

Signature: _____
Mr. Rafiq Kalam Id-Din – Managing Partner

Signature: _____
Ms. Nilda Arias – Executive Officer

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