

---

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

**Financial Statements with Supplemental Information**

For the years ended June 30, 2022 and 2021

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

**Financial Statements**

June 30, 2022 and 2021

<b>Contents</b>	<b>Page</b>
Independent Auditor’s Report.....	1-3
Statements of Financial Position.....	4
Statements of Activities .....	5
Statements of Functional Expenses .....	6-7
Statements of Cash Flows.....	8
Notes to the Financial Statements.....	9-15
<b>Supplemental Information</b>	
Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2022.....	16
Notes to Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2022 .....	17
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 .....	18-19
Independent Auditor’s Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....	20-22
Schedule of Findings and Questioned Costs for the Year Ended June 30, 2022 .....	23-24
Corrective Action Plan.....	25
Summary Schedule of Prior Audit Findings.....	26

## **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, 2022 and 2021, 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, 2022 and 2021, 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.

#### ***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 dated October 31, 2022, 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.

A rectangular box containing a handwritten signature in blue ink that reads "NChing LLP".

New York, New York  
October 31, 2022

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

**Statements of Financial Position**

As of June 30,

	<u>2022</u>	<u>2021</u>
<b><u>Assets</u></b>		
<b>Current assets</b>		
Cash	\$ 3,622,164	\$ 3,179,106
Grants receivable	1,295,705	902,607
Prepaid expenses	123,227	187,793
Employee advances	31,225	23,377
Total current assets	<u>5,072,321</u>	<u>4,292,883</u>
<b>Property and equipment, net - Note 4</b>	649,142	621,715
<b>Other assets</b>		
Reserve contingency	75,229	75,214
Total assets	<u>\$ 5,796,692</u>	<u>\$ 4,989,812</u>
<b><u>Liabilities and Net Assets</u></b>		
<b>Current liabilities</b>		
Accounts payable	\$ 469,870	\$ 130,653
Accrued salaries and other payroll related expenses	1,008,867	781,048
Refundable advances	8,443	80,943
Total current liabilities	<u>1,487,180</u>	<u>992,644</u>
<b>Long-term liabilities</b>		
SBA loans payable	150,000	150,000
Total liabilities	<u>1,637,180</u>	<u>1,142,644</u>
<b>Net assets without donor restrictions</b>		
Undesignated	4,084,283	3,771,954
Reserve - contingency	75,229	75,214
Total net assets without donor restrictions	<u>4,159,512</u>	<u>3,847,168</u>
Total liabilities and net assets	<u>\$ 5,796,692</u>	<u>\$ 4,989,812</u>

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

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

**Statements of Activities**

For the years ended June 30,

	<u>2022</u>	<u>2021</u>
<b><u>Operating revenue and other support</u></b>		
<b>State and local per pupil operating revenue</b>		
General education	\$ 8,229,439	\$ 8,671,062
Special education	1,175,129	1,237,400
Facilities lease assistance	214,221	-
	<u>9,618,789</u>	<u>9,908,462</u>
<b>Grants, contracts and other support</b>		
Federal grants	2,175,548	1,367,216
State and local grants	8,932	48,806
Cancellation of debt	-	1,754,390
Contributions	44,464	90,242
Interest and other income	22,897	1,075
	<u>2,251,841</u>	<u>3,261,729</u>
Total state and local per pupil operating revenue	<u>9,618,789</u>	<u>9,908,462</u>
Total grants, contracts and other support	<u>2,251,841</u>	<u>3,261,729</u>
Total operating revenue and other support	<u>11,870,630</u>	<u>13,170,191</u>
<b><u>Expenses</u></b>		
<b>Program expenses</b>		
Regular education	8,166,652	7,152,549
Special education	2,054,977	1,828,705
	<u>10,221,629</u>	<u>8,981,254</u>
Total program expenses	<u>10,221,629</u>	<u>8,981,254</u>
<b>Supporting services</b>		
Management and general	1,216,185	893,144
Fundraising	120,472	81,077
	<u>1,336,657</u>	<u>974,221</u>
Total supporting services	<u>1,336,657</u>	<u>974,221</u>
Total program and supporting services expenses	<u>11,558,286</u>	<u>9,955,475</u>
Change in net assets	312,344	3,214,716
Net assets without donor restrictions - beginning of year	3,847,168	632,452
	<u>3,847,168</u>	<u>632,452</u>
Net assets without donor restrictions - end of year	<u>\$ 4,159,512</u>	<u>\$ 3,847,168</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, 2022

	<u>No. of Positions</u>	<u>Program services</u>			<u>Supporting services</u>		<u>Total Program and Supporting services</u>
		<u>Regular education</u>	<u>Special education</u>	<u>Total programs</u>	<u>Management &amp; general</u>	<u>Fund- raising</u>	
<b>Salaries</b>							
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
<b>Operating expenses</b>							
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**

**Statement of Functional Expenses**

For the year ended June 30, 2021

	<u>No. of Positions</u>	<u>Program services</u>			<u>Supporting services</u>		<u>Total Program and Supporting services</u>
		<u>Regular education</u>	<u>Special education</u>	<u>Total programs</u>	<u>Management &amp; general</u>	<u>Fund- raising</u>	
<b>Salaries</b>							
Administrative staff personnel	15.50	\$ 352,663	\$ 99,449	\$ 452,112	\$ 423,668	\$ 4,500	\$ 880,280
Instructional personnel	44.00	4,110,332	1,072,756	5,183,088	108,880	31,583	5,323,551
Total salaries	59.50	4,462,995	1,172,205	5,635,200	532,548	36,083	6,203,831
<b>Operating expenses</b>							
Fringe benefits and payroll taxes		945,524	248,342	1,193,866	112,825	7,644	1,314,335
Retirement		68,588	18,015	86,603	8,184	555	95,342
Legal services		-	-	-	6,342	-	6,342
Accounting and auditing services		-	-	-	105,910	-	105,910
Other professional and consulting services		388,082	85,460	473,542	35,858	1,064	510,464
Building and land rent		-	-	-	-	299	299
Repairs and maintenance		28,464	7,476	35,940	3,397	224	39,561
Insurance		64,043	16,821	80,864	7,642	518	89,024
Utilities		116,257	30,535	146,792	13,872	940	161,604
Supplies and materials		100,973	20,036	121,009	-	-	121,009
Equipment and furnishings		9,211	2,330	11,541	934	63	12,538
Staff development		104,830	27,534	132,364	12,509	848	145,721
Marketing and recruiting		152,751	31,272	184,023	1,787	121	185,931
Technology		221,469	55,667	277,136	21,778	1,476	300,390
Food service		240,490	47,720	288,210	-	-	288,210
Student services		1,158	230	1,388	-	-	1,388
Office expense		69,939	18,370	88,309	8,346	565	97,220
Depreciation and amortization		166,258	43,667	209,925	19,839	1,343	231,107
Other		11,517	3,025	14,542	1,373	29,334	45,249
Total operating expenses		\$ 7,152,549	\$ 1,828,705	\$ 8,981,254	\$ 893,144	81,077	\$ 9,955,475

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>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 312,344	\$ 3,214,716
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	316,683	231,107
Bad debt	1,977	4,868
Cancellation of debt	-	(1,743,477)
Changes in operating assets and liabilities		
Grants receivable	(395,075)	(775,820)
Prepaid expenses	64,566	(116,082)
Employee advances	(7,848)	(7,533)
Accounts payable	339,217	37,518
Accrued salaries and other payroll-related benefits	227,819	(102,913)
Refundable advances	(72,500)	3,778
Interest payable	-	(1,453)
Net cash provided by operating activities	<u>787,183</u>	<u>744,709</u>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	<u>(344,110)</u>	<u>(457,447)</u>
Net cash used in investing activities	<u>(344,110)</u>	<u>(457,447)</u>
Net increase in cash and restricted cash	443,073	287,262
Cash and restricted cash - beginning of year	<u>3,254,320</u>	<u>2,967,058</u>
Cash and restricted cash - end of year	<u>\$ 3,697,393</u>	<u>\$ 3,254,320</u>
<b>Cash and restricted cash as reported within the statement of financial position</b>		
Cash	\$ 3,622,164	\$ 3,179,106
Reserve contingency	75,229	75,214
	<u>\$ 3,697,393</u>	<u>\$ 3,254,320</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, 2022 and 2021

### 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 & TRANSFORMATION

## Notes to the Financial Statements

June 30, 2022 and 2021

### 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 \$1,295,705 and \$902,607 as of June 30, 2022 and 2021, respectively. There are no allowances recorded at June 30, 2022 and 2021, as management believes all amounts are collectability.

**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.

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

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

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

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

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

**Notes to the Financial Statements**

June 30, 2022 and 2021

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

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

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

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

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the School has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that, as of June 30, 2022, 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, 2019.

**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

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

**Notes to the Financial Statements**

June 30, 2022 and 2021

**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.

**Reclassifications.** Certain accounts relating to the prior year have been reclassified to conform to the current year's presentation. The reclassifications had no effect on 2021 net assets.

**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>2022</u>	<u>2021</u>
Cash	\$ 3,622,164	\$ 3,179,106
Grants and other receivables	1,295,705	902,607
Amount available for general expenditures within one year	<u>\$ 4,917,869</u>	<u>\$ 4,081,713</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>2022</u>	<u>2021</u>
Leasehold improvements	\$ 188,261	\$ 139,761
Furniture and fixtures	154,618	108,964
Computer equipment	856,448	657,703
Office and telephone equipment	365,437	314,226
Software	75,179	75,179
Total property and equipment	1,639,943	1,295,833
Less: accumulated depreciation	<u>(990,801)</u>	<u>(674,118)</u>
Property and equipment, net	<u>\$ 649,142</u>	<u>\$ 621,715</u>

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

**Notes to the Financial Statements**

June 30, 2022 and 2021

**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, 2022 and 2021, total accrued salaries and other payroll-related expenses amounted to \$1,008,867 and \$781,048, 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% 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, 2022 and 2021, the School's matching contribution was \$90,909 and \$84,101, respectively. Such plan assets are held in a separate trust and are not included in the accompanying financial statements. All plan assets are held for the exclusive benefit of the plan's participants and beneficiaries.

**Note 7 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 October 24, 2022. The balance of principal and interest is payable over the next 30 years from the date of the EIDL. There are no penalties for prepayment. The EIDL balance as of June 30, 2022 and 2021 was \$150,000.

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

2023	\$	2,093
2024		3,666
2025		3,768
2026		3,873
2027		3,981
Thereafter		132,619
		<u>\$ 150,000</u>

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

## **Notes to the Financial Statements**

June 30, 2022 and 2021

### **Note 8 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, 2022 and 2021, fees under the agreement amounted to \$40,224 and \$57,960, respectively.

### **Note 9 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 81% and 87% 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, 2022 and 2021. Additionally, the School’s grants receivable consists of approximately 86% and 99% , respectively from the New York Department of Education as of June 30, 2022 and 2021.

### **Note 10 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.



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

**Notes to the Financial Statements**

June 30, 2022 and 2021

**Note 11 Rent**

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 year ended June 30, 2022, the School received \$214,221 facilities lease assistance from NYC DOE.

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 owed BSRC the initially abated rent for the entire year in the amount of \$244,824 which remained unpaid and was included in the accrued expense.

On August 2022, the School entered a 17-year lease with 78-84 Hudson Street LLC for its new high school space. Minimum lease payments for the next five years are as follows:

Year ending June 30,	Amounts
2023	\$ 728,105
2024	728,105
2025	749,948
2026	772,447
2027	795,620
Thereafter	<u>11,630,206</u>
	<u>\$ 15,404,431</u>

**Note 12 Subsequent events**

Management has evaluated subsequent events through October 31, 2022, 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, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal expenditures
<b>U.S. Department of Education</b>			
<u>Pass-through New York State Education Department:</u>			
Title I Grants to Local Educational Agencies	84.010A	0021-22-4740	\$ 266,521
Supporting Effective Instruction State Grants	84.367A	0147-22-4740	33,650
Student Support and Academic Enrichment program	84.424A	0204-22-4740	20,713
COVID-19 Education Stabilization Fund subprograms:			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5890-21-4740	32,685
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	5891-21-4740	339,087
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-4495	820,553
COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth	84.425W	5218-21-4740	2,950
Total for program			<u>1,195,275</u>
Total U.S. Department of Education			<u>1,516,159</u>
<b>U.S. Department of Agriculture</b>			
<u>Pass-through New York State Education Department:</u>			
School Breakfast Program	10.553	331600860975	\$ 137,683
National School Lunch Program	10.555	331600860975	364,759
Total Child Nutrition Cluster			<u>502,442</u>
Pandemic EBT Food Benefits (P-EBT)	10.542	331600860975	1,202
Total U.S. Department of Agriculture			<u>503,644</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,019,803</u></u>

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, 2022

### **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, 2022. 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, 2022, 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 31, 2022.

***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.

A rectangular box containing a handwritten signature in blue ink that reads "NChing LLP".

New York, New York  
October 31, 2022

## **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, 2022. 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, 2022.

#### ***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.

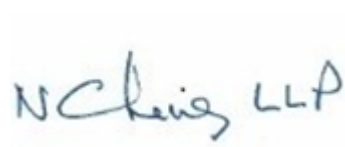
***Report on internal control over compliance***

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.

A rectangular box containing a handwritten signature in blue ink that reads "NChang LLP".

New York, New York  
October 31, 2022



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

**Schedule of Findings and Questioned Costs**

For the year ended June 30, 2022

**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) Fund
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? \_\_\_ yes X no

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

**Schedule of Findings and Questioned Costs**

For the year ended June 30, 2022

**Section II – Financial Statement Findings**

None noted.

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

None noted.

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

**Corrective Action Plan**

For the year ended June 30, 2022

Corrective action plan is not applicable for the year ended June 30, 2022.

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

**Summary Schedule of Prior Audit Findings**

For the year ended June 30, 2022

There were no prior audit findings.



# EMBER

CHARTER SCHOOLS

616 Quincy Street, 3<sup>rd</sup> Floor  
Brooklyn, NY 11221  
718-285-3787  
www.embercs.org

## *Mission*

Our mission is to ignite, empower and transform people traditionally labeled "at-risk" 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.*

October 31, 2022

NCHENG LLP  
40 Wall Street, 32<sup>nd</sup> 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, 2022 and 2021, 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 31, 2022, 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 31, 2022, 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.

21<sup>ST</sup> CENTURY SCHOOLS  
FOR 21<sup>ST</sup> CENTURY STUDENTS



# EMBER

CHARTER SCHOOLS

616 Quincy Street, 3<sup>rd</sup> Floor  
Brooklyn, NY 11221  
718-285-3787  
www.embercs.org

## *Mission*

Our mission is to ignite, empower and transform people traditionally labeled "at-risk" 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.*

- 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.
- 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 non-audit 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:
  - 1) Management,
  - 2) Employees who have significant roles in internal control, or
  - 3) Others where the fraud could have a material effect on the financial statements.

21<sup>ST</sup> CENTURY SCHOOLS  
FOR 21<sup>ST</sup> CENTURY STUDENTS



# EMBER

CHARTER SCHOOLS

616 Quincy Street, 3<sup>rd</sup> Floor  
Brooklyn, NY 11221  
718-285-3787  
www.embercs.org

## Mission

Our mission is to ignite, empower and transform people traditionally labeled "at-risk" 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.*

- 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 Organization's related parties and all the related-party relationships and transactions, including any side agreements.
- 21) The Organization 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.
- 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 Organization 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

21<sup>ST</sup> CENTURY SCHOOLS  
FOR 21<sup>ST</sup> CENTURY STUDENTS



# EMBER

CHARTER SCHOOLS

616 Quincy Street, 3<sup>rd</sup> Floor  
Brooklyn, NY 11221  
718-285-3787  
www.embercs.org

## Mission

Our mission is to ignite, empower and transform people traditionally labeled "at-risk" 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.*

- 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 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.

21<sup>ST</sup> CENTURY SCHOOLS  
FOR 21<sup>ST</sup> CENTURY STUDENTS





# EMBER

CHARTER SCHOOLS

616 Quincy Street, 3<sup>rd</sup> Floor  
Brooklyn, NY 11221  
718-285-3787  
www.embercs.org

## *Mission*

Our mission is to ignite, empower and transform people traditionally labeled "at-risk" 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.*

- 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.
- 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.

21<sup>ST</sup> CENTURY SCHOOLS  
FOR 21<sup>ST</sup> CENTURY STUDENTS



# EMBER

CHARTER SCHOOLS

616 Quincy Street, 3<sup>rd</sup> Floor  
Brooklyn, NY 11221  
718-285-3787  
www.embercs.org

### *Mission*

Our mission is to ignite, empower and transform people traditionally labeled "at-risk" 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.*

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

21<sup>ST</sup> CENTURY SCHOOLS  
FOR 21<sup>ST</sup> CENTURY STUDENTS