

BROOKLYN DREAMS CHARTER SCHOOL

Financial Statements and Supplemental
Information as of and for the Year End

BROOKLYN DREAMS CHARTER SCHOOL

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses for the year ended June 30, 2020 on page 12 is presented for purposes of additional analysis and is not a required part of the r bn

BROOKLYN DREAMS CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

ASSETS

CURRENT ASSETS

Cash	\$	99,734
Due from governmental revenue sources		<u>388,145</u>

Total Current Assets		487,879
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NON-CURRENT ASSETS

BROOKLYN DREAMS CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS YEAR ENDED JUNE 30, 2020

REVENUES, GAINS, AND OTHER SUPPORT

Public School District	
Resident Student Enrollment	\$ 9,956,851
Students with Disabilities	1,211,171
Grants and Contracts	
State and local	120,781
Federal - Title and IDEA	392,801
Other	50,293
Child Nutrition Program	<u>178,740</u>
Total Revenues, Gains, and Other Support	11,910,637

EXPENSES

Contracted service fee	11,860,638
Board funds	1,000
Depreciation	<u>2,904</u>
Total Expenses	<u>11,864,542</u>

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS 46,095

NET ASSETS, WITHOUT DONOR RESTRICTIONS

Beginning of year	<u>57,221</u>
End of year	<u>\$ 103,316</u>

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BROOKLYN DREAMS CHARTER SCHOOL

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Effective July 1, 2019, the School adopted Accounting Standards Update (“ASU”) 2018-08,

. This guidance provides a framework for evaluating whether contributions and grants should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way the School recognizes contributions and grants, and therefore no changes to the previously issued audited financial statements and A

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets — Capital assets, which include other equipment, are reported at historical cost. Capital assets are defined by the School as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year.

Other equipment is depreciated using the straight-line method over useful lives of 3-10 years.

The Financial Statements — The financial statements are presented as follows:

Net assets and changes therein are classified and reported as follows:

— Net assets which are not subject to donor imposed or governmental stipulations.

— represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The School had no net assets with donor restrictions as of June 30, 2020.

Revenues and contributions are reported as follows:

Revenues, gains and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed or governmental restrictions. Expenses are reported as decreases in net assets without donor restrictions. Other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or governmental restriction. Expiration of restrictions on net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the stipulated time has elapsed) are reported as reclassifications between the applicable classes of net assets.

Revenue is recorded when earned, regardless of the timing of related cash flows. Grants are recognized as revenue as

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7. OPERATING LEASE

The School has entered into a sublease agreement with NHA for a facility to house the School. The lease term is from July 1, 2019 through June 30, 2020. Annual rental payments required by the lease were \$2,354,748 payable in twelve monthly payments of \$196,229. This lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the School or NHA.

The School subsequently renewed the sublease with NHA for the period of July 1, 2020 through June 30, 2021 at the same rental rate.

8. SUBSEQUENT EVENTS

Events or transactions for the year ended June 30, 2020 have been evaluated through October 20, 2020, the date the financial statements were available to be issued. The financial statements and the notes thereto do not reflect events or transacti Æ8

SUPPLEMENTARY INFORMATION

Board of Trustees
Brooklyn Dreams Charter School
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As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement,

