

# **Hyde Leadership Charter School - Brooklyn**

Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Reports

June 30, 2024 and 2023

# Hyde Leadership Charter School-Brooklyn

## Financial Statements and Uniform Guidance Schedules Together With Independent Auditors' Reports

June 30, 2024 and 2023

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## **Independent Auditors' Report**

**Board of Trustees**  
**Hyde Leadership Charter School - Brooklyn**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Hyde Leadership Charter School-Brooklyn (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2024, 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.

#### ***Basis for Opinion***

We conducted our audit 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

#### ***Prior Year Financial Statements***

The financial statements of the School as of June 30, 2023 were audited by other auditors whose report dated November 1, 2023, expressed an unmodified opinion on those statements.

#### ***Responsibilities 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 the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' 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 auditors' 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 of the School'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 the School'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.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024, on our consideration of the School'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 the School'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 the School's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 31, 2024

## Hyde Leadership Charter School - Brooklyn

### Statements of Financial Position

	June 30,	
	2024	2023
<b>ASSETS</b>		
Current Assets		
Cash	\$ 1,913,272	\$ 1,687,344
Grants and contracts receivable	903,158	1,560,931
Prepaid expenses and other current assets	152,740	63,043
Total Current Assets	2,969,170	3,311,318
Property and equipment, net	154,628	238,172
Right-of-use assets - operating leases, net	13,218	11,125
Right-of-use assets - finance leases, net	27,923,825	28,792,985
Restricted cash	100,014	75,251
Security deposits	240,870	240,870
	\$ 31,401,725	\$ 32,669,721
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 184,934	\$ 286,030
Accrued payroll and payroll taxes	591,137	440,114
Operating lease liabilities	7,064	8,721
Finance lease liabilities	111,211	170,111
Refundable advances	-	31,974
Total Current Liabilities	894,346	936,950
Operating lease liabilities, less current portion	6,154	2,404
Finance lease liabilities, less current portion	30,127,352	30,238,564
Total Liabilities	31,027,852	31,177,918
Net Assets, Without Donor Restrictions		
Board designated	115,014	90,251
Undesignated	258,859	1,401,552
Total Net Assets, Without Donor Restrictions	373,873	1,491,803
	\$ 31,401,725	\$ 32,669,721

See notes to financial statements

## Hyde Leadership Charter School - Brooklyn

### Statements of Activities

	Year Ended June 30,	
	2024	2023
<b>OPERATING REVENUE</b>		
State and Local Per Pupil Operating Revenue		
General education	\$ 8,035,683	\$ 8,096,502
Special education	806,952	843,712
Facilities	865,707	829,196
Federal grants	1,780,625	2,187,252
Federal E-Rate and IDEA	116,771	198,810
State grants	37,831	-
Total Operating Revenue	11,643,569	12,155,472
<b>EXPENSES</b>		
Program Services		
Regular education	7,686,747	8,765,734
Special education	3,444,216	3,174,604
Total Program Services	11,130,963	11,940,338
Supporting Services		
Management and general	1,660,509	1,978,607
Fundraising	82,110	76,124
Total Expenses	12,873,582	13,995,069
Deficit from Operations	(1,230,013)	(1,839,597)
<b>SUPPORT AND OTHER REVENUE (EXPENSE)</b>		
Contributions and private grants	195,018	248,703
Bad debt expense	(146,397)	-
Interest and other income	63,462	50,922
Total Support and Other Revenue (Expense)	112,083	299,625
Change in Net Assets	(1,117,930)	(1,539,972)
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>		
Beginning of year	1,491,803	3,031,775
End of year	\$ 373,873	\$ 1,491,803

See notes to financial statements

**Hyde Leadership Charter School - Brooklyn**

Statement of Functional Expenses  
Year Ended June 30, 2024

	No. of Positions	Program Services			Management and General	Fundraising	Total
		Regular Education	Special Education	Total			
Personnel Service Cost							
Administrative staff personnel	23	\$ 1,040,183	\$ 361,803	\$ 1,401,986	\$ 687,737	\$ 57,967	\$ 2,147,690
Instructional personnel	52	2,542,867	2,027,936	4,570,803	-	-	4,570,803
Non - instructional personnel	<u>2</u>	<u>183,541</u>	<u>48,548</u>	<u>232,089</u>	<u>20,759</u>	<u>-</u>	<u>252,848</u>
Total Personnel Service Cost	<u>77</u>	<u>3,766,591</u>	<u>2,438,287</u>	<u>6,204,878</u>	<u>708,496</u>	<u>57,967</u>	<u>6,971,341</u>
Fringe benefits and payroll taxes		1,123,410	301,812	1,425,222	234,742	16,767	1,676,731
Pension		94,912	25,499	120,411	19,832	1,417	141,660
Accounting and audit fees		-	-	-	185,968	-	185,968
Other purchased, professional and consulting services		497,965	98,815	596,780	86,394	1,277	684,451
Repairs and maintenance		25,034	6,726	31,760	5,231	374	37,365
Insurance		40,963	11,005	51,968	8,559	611	61,138
Utilities		40,533	10,890	51,423	8,470	605	60,498
Supplies		137,766	30,378	168,144	-	-	168,144
Equipment and furnishings		7,100	1,764	8,864	863	62	9,789
Staff development		134,498	28,472	162,970	50,664	1,582	215,216
Marketing and recruitment		26,683	6,289	32,972	1,758	126	34,856
Technology		10,049	-	10,049	10,049	-	20,098
Student services		239,602	52,832	292,434	-	-	292,434
Office expenses		274,277	58,781	333,058	66,153	1,271	400,482
Interest		629,109	184,944	814,053	135,667	51	949,771
Depreciation and amortization		<u>638,255</u>	<u>187,722</u>	<u>825,977</u>	<u>137,663</u>	<u>-</u>	<u>963,640</u>
Total Expenses		<u>\$ 7,686,747</u>	<u>\$ 3,444,216</u>	<u>\$ 11,130,963</u>	<u>\$ 1,660,509</u>	<u>\$ 82,110</u>	<u>\$ 12,873,582</u>

## Hyde Leadership Charter School - Brooklyn

### Statement of Functional Expenses Year Ended June 30, 2023

	No. of Positions	Program Services			Management and General	Fundraising	Total
		Regular Education	Special Education	Total			
Personnel Service Cost							
Administrative staff personnel	22	\$ 1,099,623	\$ 394,317	\$ 1,493,940	\$ 593,594	\$ 52,451	\$ 2,139,985
Instructional personnel	65	3,138,304	1,912,286	5,050,590	-	-	5,050,590
Non - instructional personnel	4	<u>328,022</u>	<u>77,305</u>	<u>405,327</u>	<u>15,463</u>	<u>953</u>	<u>421,743</u>
Total Personnel Service Cost	<u>91</u>	4,565,949	2,383,908	6,949,857	609,057	53,404	7,612,318
Fringe benefits and payroll taxes		1,151,315	305,090	1,456,405	159,183	9,810	1,625,398
Pension		137,337	36,393	173,730	18,990	1,170	193,890
Management company fees		25,000	-	25,000	25,000	-	50,000
Accounting and audit fees		-	-	-	254,996	-	254,996
Other purchased, professional and consulting services		717,585	72,581	790,166	182,369	2,334	974,869
Occupancy		126,589	33,545	160,134	17,502	1,079	178,715
Repairs and maintenance		35,083	9,297	44,380	4,851	299	49,530
Insurance		47,260	12,524	59,784	6,534	403	66,721
Supplies		106,216	23,421	129,637	-	-	129,637
Equipment and furnishings		11,817	2,605	14,422	-	-	14,422
Staff development		73,094	19,369	92,463	12,644	905	106,012
Marketing and recruitment		23,687	5,742	29,429	1,613	99	31,141
Food service		47,201	10,408	57,609	-	-	57,609
Student services		344,531	53,815	398,346	-	-	398,346
Office expenses		105,441	1,688	107,129	99,953	54	207,136
Other		26,950	7,142	34,092	6,115	230	40,437
Interest		476,974	-	476,974	476,972	-	953,946
Depreciation and amortization		<u>743,705</u>	<u>197,076</u>	<u>940,781</u>	<u>102,828</u>	<u>6,337</u>	<u>1,049,946</u>
Total Expenses		<u>\$ 8,765,734</u>	<u>\$ 3,174,604</u>	<u>\$ 11,940,338</u>	<u>\$ 1,978,607</u>	<u>\$ 76,124</u>	<u>\$ 13,995,069</u>

## Hyde Leadership Charter School - Brooklyn

### Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,117,930)	\$ (1,539,972)
Adjustments to reconcile change in net assets to net cash from operating activities		
Amortization of right of use assets - operating leases	12,070	8,477
Depreciation and amortization	963,640	1,049,946
Bad debt expense	146,397	-
Changes in operating assets and liabilities		
Grants and contracts receivable	511,376	379,980
Prepaid expenses and other current assets	(89,697)	17,990
Accounts payable and accrued expenses	(101,096)	(230,046)
Accrued payroll and payroll taxes	151,023	(116,490)
Operating lease liabilities	(12,070)	(8,477)
Refundable advances	(31,974)	(41,606)
Net Cash from Operating Activities	431,739	(480,198)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchases of property and equipment	(18,205)	(60,883)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Principal payments on finance lease liabilities	(162,843)	(147,427)
Net Change in Cash and Restricted Cash	250,691	(688,508)
<b>CASH AND RESTRICTED CASH</b>		
Beginning of year	1,762,595	2,451,103
End of year	\$ 2,013,286	\$ 1,762,595
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 943,275	\$ 953,947
Operating lease right-of-use asset obtained in exchange for operating lease liabilities	14,163	19,602
Finance lease right-of-use asset obtained in exchange for finance lease liabilities	-	29,487,900

See notes to financial statements

# Hyde Leadership Charter School-Brooklyn

Notes to Financial Statements  
June 30, 2024 and 2023

## 1. Organization and Tax Status

Hyde Leadership Charter School - Brooklyn (the "School") is a New York State, not-for-profit educational corporation that was incorporated to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter (the "Charter") in 2010 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. The School renewed its Charter for an additional five-year term, now expiring June 30, 2028. The School's mission is to develop the deeper character and unique potential of each student. Using the Hyde Process for family-based character education, the School unites parents, teachers and student in helping each student achieve his or her best academically and in sports, the arts, and the community. Rigorous learning attitudes, leadership skills and a social conscience lay the foundation for each student's success in college and fulfillment in life. Families, educators and community members join together to create a supportive and rigorous academic environment for all students. The School provided education to approximately 440 students in kindergarten through eighth grade during the 2023-2024 academic year.

For one of its facilities, the School utilizes space with a New York City public school. The School is not responsible for rent, utilities, custodial services, maintenance and school safety services other than security related to the School's programs that take place outside the district's school day. The School was unable to determine a value for the contributed space and related services and did not record any value for use of the donated facility or services.

The New York City Department of Education provides transportation directly to some of the School's students. Such costs are not included in these financial statements. The School provides universal free lunch to all of the School's scholars.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

## 2. Summary of Significant Accounting Policies

### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance 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. Accordingly, actual results could differ from those estimates.

## Hyde Leadership Charter School-Brooklyn

Notes to Financial Statements  
June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Net Asset Presentation***

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

*Net assets without donor restrictions* - consist of resources available for the general support of the School's operations. Net assets without donor restrictions may be used at the discretion of the School's management and/or the Board of Trustees. The Board of Trustees has established a board designated fund to promote its long-term financial stability.

*Net assets with donor restrictions* - 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 statements of activities as net assets released from restrictions. The School had no net assets with donor restrictions at June 30, 2024 and 2023.

#### ***Restricted Cash***

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

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amounts presented in the statements of cash flows at June 30:

	2024	2023
Cash	\$ 1,913,272	\$ 1,687,344
Restricted cash	100,014	75,251
	<u>\$ 2,013,286</u>	<u>\$ 1,762,595</u>

#### ***Property and Equipment***

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$1,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Minor costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case such assets are expensed as incurred.

## Hyde Leadership Charter School-Brooklyn

Notes to Financial Statements  
June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Property and Equipment (continued)***

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Building improvements	5 years
Equipment	2 - 7 years
Furniture and fixtures	5 - 7 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2024 or 2023.

#### ***Leases***

The School accounts for leases under Topic 842. The School determines if an arrangement is a lease at inception. Operating and finance leases are included in operating and finance right-of-use ("ROU") assets and lease liabilities in the statements of financial position. All leases are recorded on the statements of financial position except for leases with an initial term less than 12 months for which the School made the short-term lease election.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. When leases do not provide an implicit borrowing rate, the School uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The School has lease agreements with lease and non-lease components, which are generally accounted for separately. The School's lease agreements do not contain any variable lease components. The School applies the short-term lease exemption to all of its classes of underlying assets.

#### ***Refundable Advances***

The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue.

## Hyde Leadership Charter School-Brooklyn

Notes to Financial Statements  
June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Revenue and Support***

Revenue from the state and local governments resulting from the School's charter status, and based on the number of students enrolled, is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. In-kind donations are recorded at the estimated fair value at the date the services and goods are received.

#### ***Marketing and Recruiting***

Marketing and recruiting costs are expensed as incurred for staff and student recruitment. Marketing and recruiting expense for the years ended June 30, 2024 and 2023 was \$34,856 and \$31,141.

#### ***Measure of Operations***

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the School's ongoing services. Non-operating activities include revenue and support from non-governmental sources that include grants and contributions revenue, return on investments and other activities considered to be of a non-recurring nature.

#### ***Functional Expense Allocation***

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses, such as personnel service costs, fringe benefits and payroll taxes, other purchased professional and consulting services, and student services have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

#### ***Accounting for Uncertainty in Income Taxes***

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2021.

## Hyde Leadership Charter School-Brooklyn

Notes to Financial Statements  
June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (*continued*)

#### **Reclassifications**

Certain information in the 2023 financial statements has been reclassified to conform to the 2024 presentation.

#### **Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 31, 2024.

### 3. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, city entitlements and grants. The School expects to collect these receivables within one year. Management has assessed the need for an allowance for doubtful accounts and has determined that such allowance is not necessary.

### 4. Property and Equipment

Property and equipment consists of the following at June 30:

	2024	2023
Building improvements	\$ 244,704	\$ 237,819
Equipment	830,321	819,001
Furniture and fixtures	147,187	147,187
	1,222,212	1,204,007
Accumulated depreciation and amortization	(1,067,584)	(965,835)
	<u>\$ 154,628</u>	<u>\$ 238,172</u>

### 5. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statements of financial position dates, are comprised of the following at June 30:

	2024	2023
Cash	\$ 1,913,272	\$ 1,687,344
Grants and contracts receivable	903,158	1,560,931
Total Financial Assets	2,816,430	3,248,275
Less amounts unavailable for general expenditure:		
Board designated net assets	115,014	90,251
	<u>\$ 2,701,416</u>	<u>\$ 3,158,024</u>

## Hyde Leadership Charter School-Brooklyn

Notes to Financial Statements  
June 30, 2024 and 2023

### 5. Liquidity and Availability of Financial Assets *(continued)*

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in money market accounts and other liquid instruments until it is required for operational use. The Board of Trustees has designated net assets without donor restrictions that could be drawn upon through board resolution and can be made available for current operations, unbudgeted expenses, and unanticipated loss in funding. The School will continue to rely on funding received from the New York City Department of Education to cover its future operating costs (see Note 8).

### 6. Employee Benefit Plan

The School maintains a retirement plan for all eligible employees through a Professional Employer Organization. The School's contributions to the plan totaled \$141,660 and \$193,890 for the years ended June 30, 2024 and 2023.

### 7. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and restricted cash with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At June 30, 2024 and 2023 approximately, \$1,513,000 and \$1,263,000 of cash was maintained with an institution in excess of FDIC limits.

### 8. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2024 and 2023, the School received approximately 82% and 79% of total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

### 9. Commitment

#### ***Leases – Operating***

The School utilizes equipment under three operating leases with terms expiring through December 31, 2024.

## Hyde Leadership Charter School-Brooklyn

Notes to Financial Statements  
June 30, 2024 and 2023

### 9. Commitment *(continued)*

#### ***Leases – Operating (continued)***

The future minimum lease payments under the leases are as follows for the years ending June 30:

2025	\$ 7,482
2026	5,064
2027	<u>1,266</u>
Total minimum lease payments	13,812
Present value discount	<u>(594)</u>
Present value of operating lease liability	13,218
Current portion	<u>(7,064)</u>
Operating lease liabilities, less current portion	<u><u>\$ 6,154</u></u>

ROU assets consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
ROU assets	\$ 33,765	\$ 19,602
Accumulated amortization	<u>(20,547)</u>	<u>(8,477)</u>
	<u><u>\$ 13,218</u></u>	<u><u>\$ 11,125</u></u>
Weighted average remaining lease term	1.93 years	1.32 years
Weighted average discount rate	4.52%	2.85%

#### ***Leases – Finance***

In July 2021, the School entered into a non-cancelable finance lease for office and classroom space expiring on June 30, 2061. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes, and other operating expenses. In accordance with the lease, the School is required to make annual contributions to a capital building reserve account, which is controlled by the Landlord, each year until the expiration of the lease. The annual contributions are equal to \$25,000 for the first ten years and will increase to \$50,000 until the expiration of the lease term. No annual contribution will be required if the capital reserve account is at the minimum balance of \$200,000. At June 30, 2024 and 2023, the capital building reserve account totaled \$50,000 and \$25,000 and is included in prepaid expenses and other current assets in the accompanying statements of financial position. Rent expense for each of the years ended June 30, 2024 and 2023 was \$753,690.

The School also entered into two finance lease agreements for computer equipment with terms expiring through June 30, 2025.

## Hyde Leadership Charter School-Brooklyn

Notes to Financial Statements  
June 30, 2024 and 2023

### 9. Commitment *(continued)*

#### ***Leases – Finance (continued)***

The future minimum lease payments under the leases are as follows for the years ending June 30:

2025	\$	1,046,764
2026		1,026,630
2027		1,047,163
2028		1,068,106
2029		1,089,468
Thereafter		<u>49,147,626</u>
Total minimum lease payments		54,425,757
Present value discount		<u>(24,187,194)</u>
Present value of operating lease liability		30,238,563
Current portion		<u>(111,211)</u>
Operating lease liabilities, less current portion	\$	<u><u>30,127,352</u></u>

ROU assets consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
ROU assets	\$ 29,654,876	\$ 29,662,146
Accumulated amortization	<u>(1,731,051)</u>	<u>(869,161)</u>
	<u><u>\$ 27,923,825</u></u>	<u><u>\$ 28,792,985</u></u>
Weighted average remaining lease term	36.95 years	37.81 years
Weighted average discount rate	3.11%	3.12%

#### ***Management Fees***

The School has retained Hyde Foundation to provide educational materials and various consulting and management services including training and accreditation review. Total fees paid to Hyde Foundation amounted to approximately \$0 and \$50,000 during the years ended June 30, 2024 and 2023.

### 10. Contingency

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

\*\*\*\*\*

# **Hyde Leadership Charter School - Brooklyn**

Uniform Guidance  
Schedules and Reports

June 30, 2024

## Hyde Leadership Charter School-Brooklyn

### Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Education</u>				
Direct Programs				
School Safety National Activities	84.184		\$ -	\$ 398,596
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects	84.215		-	423,300
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)	84.374		-	400,412
Pass-Through New York State Education Department:				
Title I Grants to Local Educational Agencies	84.010	0021234755	-	6,347
Title I Grants to Local Educational Agencies Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.010	0021244755	-	208,381
Student Support and Academic Enrichment Program	84.367	0147244755	-	25,411
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP HCY II	84.424	0204244755	-	18,539
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund II	84.425W	5218214755	-	11,300
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425D	5891214755	-	43,762
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund ARP	84.425U	5880214755	-	66,982
Special Education Cluster (IDEA)				
Pass-Through New York State Education Department:				
COVID-19 - Special Education—Grants to States (IDEA, Part B)	84.027	not available	-	22,770
Total U.S. Department of Education			-	1,625,800
<u>Department of Health and Human Services</u>				
Direct Programs				
Substance Abuse and Mental Health Services Projects of Projects of Regional and National Significance	93.243		-	154,825
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,780,625</u>

See independent auditors' report and notes to schedule of expenditures of federal awards

## Hyde Leadership Charter School-Brooklyn

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

### 1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hyde Leadership Charter School-Brooklyn (the "School"), under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

### 2. **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### 3. **Indirect Cost Rate**

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**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**

**Independent Auditors' Report**

**Board of Trustees  
Hyde Leadership Charter School-Brooklyn**

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 Hyde Leadership Charter School-Brooklyn (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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.

**Report on Internal Control over Financial Reporting (*continued*)**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2024-001.

**The School's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 31, 2024

**Report on Compliance for Each Major Federal Program and Report on Internal Control  
Over Compliance Required by the Uniform Guidance**

**Independent Auditors' Report**

**Board of Trustees**  
**Hyde Leadership Charter School-Brooklyn**

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

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

We have audited Hyde Leadership Charter School's (the "School") 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 the School's major federal programs for the year ended June 30, 2024. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School 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, 2024.

***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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School 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 the School'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 the School's federal programs.

***Auditors' 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 the School'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 the School'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 the School'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 the School'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 the School'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 Auditors' 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.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 31, 2024

**Hyde Leadership Charter School-Brooklyn**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

**Section I - Summary of Auditors' Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes X no

Significant deficiency(ies) identified?

X yes \_\_\_\_\_ none reported

Noncompliance material to the 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?

\_\_\_\_\_ yes X none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required

to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ yes X no

Identification of major federal programs:

Federal Assistance Listing Number(s)

Name of Federal Program or Cluster

84.184

School Safety National Activities

84.215

Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects

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

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes X no

## Hyde Leadership Charter School-Brooklyn

Schedule of Findings and Questioned Costs (*continued*)  
Year Ended June 30, 2024

### **Section II – Financial Statement Findings**

#### **2024-001- Untimely Submission of Data Collection Form**

##### ***Criteria***

Per Uniform Guidance, states, local governments, and nonprofit organizations that annually spend \$750,000 or more in federal awards must perform a Single Audit and complete Form SF-SAC (“Data Collection Form”) and submit both to the Federal Audit Clearinghouse (“FAC”). The auditee should submit the Data Collection Form and the reporting package to FAC within the earlier of 30 days after receipt of the auditors’ reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for the audit.

##### ***Condition***

The School did not submit the Data Collection Form and the reporting package for fiscal 2023 to the FAC by the due date in accordance with the Uniform Guidance.

##### ***Cause***

The year-end closing of the general ledger and preparation of the audit package were not completed by management in a timely manner.

##### ***Effect***

The School did not comply with the Uniform Guidance reporting requirements.

##### ***Recommendation***

We recommend that the School submit the reports referred to above on a timely basis as required.

##### ***Views of Responsible Officials***

See management corrective action plan in Appendix A.

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

During our audit, we noted no material instance of noncompliance and none of the costs tested which were reported in the federal financially assisted programs are questioned or recommended to be disallowed.



**HYDE LEADERSHIP PUBLIC CHARTER SCHOOL OF  
BROOKLYN, NEW YORK**

**HYDE LEADERSHIP CHARTER SCHOOL – BROOKLYN  
CORRECTIVE ACTION PLAN  
JUNE 30, 2024**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion</b>	<b>Responsible Contact Person</b>
2024-001	Hyde Leadership Charter School – Brooklyn Finding 2024-001 has been reviewed and management will submit the Single Audit and the Data Collection Form to the Federal Audit Clearinghouse in the required timeline for the FY24 audit and any future audits.	June 30, 2025	Dr. Sandra Dupree, Executive Director

**BE THE BEST POSSIBLE YOU**

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