

Success Academy Charter Schools - NYC

Audit of Financial Statements,
Supplementary Information,
and Supplemental Schedule
of Expenditures of Federal Awards
Year Ended June 30, 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation and the U.S. member of BDO International Limited a UK company limited by guarantee.



Success Academy Charter Schools - NYC

Audit of Financial Statements, Supplementary Information,
and Supplemental Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Success Academy Charter Schools - NYC

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Independent Auditor's Report

The Board of Trustees
Success Academy Charter Schools - NYC
New York, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Success Academy Charter Schools - NYC (SACS-NYC), 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 accompanying financial statements present fairly, in all material respects, the financial position of SACS-NYC as of June 30, 2024, and the changes to 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 (GAAS) 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 SACS-NYC 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.

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 SACS-NYC'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 GAAS 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 GAAS 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 SACS-NYC'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 SACS-NYC'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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The detailed schedule of activities by school for the year ended June 30, 2024 is presented for the purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 to 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 to other additional procedures in accordance with *Government Auditing Standards*. 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 10, 2024 on our consideration of SACS-NYC'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 SACS-NYC'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 SACS-NYC's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the financial statements of SACS-NYC as of and for the year ended June 30, 2023, and our report, dated October 30, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, P.C.

October 10, 2024 except for our report
on the supplemental schedule of expenditures of federal awards,
for which the date is November 5, 2024.

Success Academy Charter Schools - NYC

Statement of Financial Position (with summarized comparative totals for 2023)

<i>June 30,</i>	2024	2023
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 39,141,121	\$ 16,049,821
Cash funds, designated for community reinvestment (Note 2)	96,975,000	150,000,000
Grants and contracts receivable, net (Notes 2 and 4)	34,722,297	29,112,699
Per-pupil receivable, net of credit loss (Note 2)	1,891,661	-
Prepaid expenses and other assets (Note 6)	71,927,243	4,201,194
Inventory (Note 2)	4,521,045	8,152,697
Investments, at amortized cost (Note 2)	10,000,000	-
Loan receivable from affiliated organization (Note 6)	30,000,000	-
Total Current Assets	289,178,367	207,516,411
Fixed Assets, Net (Notes 2 and 5)	40,843,143	24,512,518
Right-of-Use Assets - Operating Leases (Notes 2 and 7)	31,106,119	40,328,379
Right-of-Use Assets - Finance Leases (Notes 2 and 7)	-	3,486,417
Loan Receivable from Affiliated Organization (Note 6)	-	30,000,000
Total Assets	\$ 361,127,629	\$ 305,843,725
Liabilities and Net Assets		
Current Liabilities		
Accounts payable, accrued expenses, and other liabilities	\$ 15,049,613	\$ 8,361,748
Accrued payroll and payroll taxes	3,830,367	3,501,650
Due to affiliate (Note 6)	15,160,483	8,369,976
Current portion of right-of-use liability - operating (Notes 2 and 7)	10,066,367	9,339,311
Current portion of right-of-use liability - finance	-	3,789,456
Total Current Liabilities	44,106,830	33,362,141
Right-of-Use Liability - Operating , less current portion (Notes 2 and 7)	22,276,080	31,802,996
Right-of-Use Liability - Finance , less current portion	-	630,989
Refundable Advances (Note 2)	291,790	2,186,853
Total Liabilities	66,674,700	67,982,979
Commitments and Contingencies (Notes 2, 3, 6, 7, 8, 9, 10, and 11)		
Net Assets (Note 2)		
Without donor restrictions:		
Undesignated	197,477,929	87,860,746
Board-designated cash funds for community reinvestment	96,975,000	150,000,000
Total Without Donor Restrictions	294,452,929	237,860,746
Total Net Assets	294,452,929	237,860,746
Total Liabilities and Net Assets	\$ 361,127,629	\$ 305,843,725

See accompanying notes to financial statements.

Success Academy Charter Schools - NYC

Statement of Activities (with summarized comparative totals for 2023)

Year ended June 30,	2024	2023
	(Without Donor Restrictions)	
Revenue, Support, and Gains, Net (Note 2)		
State per-pupil operating revenue	\$ 391,235,440	\$ 364,683,917
Government grants	46,286,777	45,790,851
Contributions	3,895,516	904,496
Interest and other income	11,212,015	6,187,343
Loss on asset impairment, net (Note 2)	(5,241)	(558,817)
Revenue, Support, and Gains, Net	452,624,507	417,007,790
Expenses		
Program services:		
General education	292,774,577	238,232,195
Special education	63,599,546	75,212,284
Total Program Services	356,374,123	313,444,479
Supporting services:		
General and administrative	39,658,201	39,579,467
Total Expenses	396,032,324	353,023,946
Change in Net Assets	56,592,183	63,983,844
Net Assets, beginning of year	237,860,746	173,876,902
Net Assets, end of year	\$ 294,452,929	\$ 237,860,746

See accompanying notes to financial statements.

Success Academy Charter Schools - NYC

Statement of Functional Expenses (with summarized comparative totals for 2023)

Year ended June 30,

	FTEs	Program Services			Supporting Services	Total	
		General Education	Special Education	Total Program Services	General and Administrative	2024	2023
Salaries and Staff							
Administrative staff personnel	387	\$ 26,197,105	\$ 5,690,808	\$ 31,887,913	\$ 2,772,862	\$ 34,660,775	\$ 37,775,851
Instructional personnel	1,957	100,068,043	21,737,824	121,805,867	10,591,814	132,397,681	112,313,904
Total Salaries and Staff		126,265,148	27,428,632	153,693,780	13,364,676	167,058,456	150,089,755
Payroll taxes and benefits		24,773,551	5,381,569	30,155,120	2,622,184	32,777,304	33,165,163
Professional development		2,986,508	648,760	3,635,268	-	3,635,268	3,481,190
Legal fees		-	-	-	1,176,177	1,176,177	356,922
Audit and accounting fees		-	-	-	209,007	209,007	180,967
Professional and consulting fees		248,811	54,049	302,860	26,336	329,196	259,820
Transportation		2,281,811	495,679	2,777,490	241,521	3,019,011	1,786,990
Scholar food service		1,623,771	352,732	1,976,503	-	1,976,503	1,367,480
Instructional supplies and textbooks		8,716,790	1,893,552	10,610,342	-	10,610,342	7,719,011
Management fee		51,109,936	11,102,634	62,212,570	15,553,142	77,765,712	68,456,961
Interest expense		47,823	10,389	58,212	5,062	63,274	248,672
Office expense		3,295,979	715,987	4,011,966	348,867	4,360,833	4,229,678
Equipment lease		333,465	72,439	405,904	35,296	441,200	1,284,946
Telecommunications and internet		1,855,682	403,110	2,258,792	196,417	2,455,209	3,283,155
Insurance		2,442,246	530,530	2,972,776	258,502	3,231,278	2,822,324
Information technology		18,785,618	4,080,808	22,866,426	1,988,385	24,854,811	23,258,277
Marketing/recruitment		13,326,107	2,894,836	16,220,943	-	16,220,943	8,542,946
Student services		10,318,065	2,241,397	12,559,462	8,906	12,568,368	7,818,857
Facility		13,564,945	2,946,719	16,511,664	1,435,797	17,947,461	14,513,166
Depreciation and amortization		10,025,488	2,177,841	12,203,329	1,061,159	13,264,488	14,530,134
Miscellaneous		772,833	167,883	940,716	1,126,767	2,067,483	5,627,532
Total Expenses		\$ 292,774,577	\$ 63,599,546	\$ 356,374,123	\$ 39,658,201	\$ 396,032,324	\$ 353,023,946

See accompanying notes to financial statements.

Success Academy Charter Schools - NYC

Statement of Cash Flows (with summarized comparative totals for 2023)

Year ended June 30,	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 56,592,183	\$ 63,983,844
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,396,906	10,479,220
Amortization of right-of-use assets	2,867,582	4,050,914
Loss on asset impairment	5,241	558,817
Non-cash lease expense	10,880,462	10,815,980
Realized gains on sale of investment	-	(2,770,571)
Payments on operating leases	(10,455,947)	(10,002,053)
(Increase) decrease in assets:		
Grants and contracts receivable	(5,879,411)	(4,101,274)
Per-pupil receivable	(1,621,848)	-
Prepaid expenses and other assets	(67,726,049)	4,381,149
Inventory	3,631,652	(827,012)
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses, and other liabilities	6,687,865	(3,458,391)
Accrued payroll and payroll taxes	328,717	(10,629,968)
Due to affiliate	6,790,507	3,975,356
Refundable advances	(1,895,063)	2,186,853
Net Cash Provided by Operating Activities	10,602,797	68,642,864
Cash Flows from Investing Activities		
Purchases of fixed assets	(26,732,771)	(13,413,078)
Payment for loan disbursement	-	(30,000,000)
Purchases of investments	(10,000,000)	(149,999,999)
Proceeds from sale of investments	-	152,770,570
Net Cash Used in Investing Activities	(36,732,771)	(40,642,507)
Cash Flows from Financing Activities		
Repayment of capital leases	-	(1,828,615)
Payments on finance leases	(3,803,726)	(5,354,517)
Net Cash Used in Financing Activities	(3,803,726)	(7,183,132)
Net (Decrease) Increase in Cash and Cash Equivalents	(29,933,700)	20,817,225
Cash and Cash Equivalents, beginning of year	166,049,821	145,232,596
Cash and Cash Equivalents, end of year	\$ 136,116,121	\$ 166,049,821
Supplemental Disclosures of Cash Flow Information		
Operating leases right-of-use assets obtained in exchange for operating lease liabilities	\$ 545,974	\$ 49,736,235
Finance leases right-of-use assets obtained in exchange for finance lease liabilities, upon adoption	-	7,632,670
Cash paid during the year for interest	63,114	209,385
Supplemental Schedule of Cash		
Cash and cash equivalents	\$ 39,141,121	\$ 16,049,821
Cash funds - designated for community reinvestment	96,975,000	150,000,000
Total Cash and Cash Equivalents	\$ 136,116,121	\$ 166,049,821

See accompanying notes to financial statements.

Success Academy Charter Schools - NYC

Notes to Financial Statements

1. Description of School

Success Academy Charter Schools - NYC (SACS-NYC) is a New York State not-for-profit educational corporation that was incorporated on March 11, 2008 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. SACS-NYC schools are granted provisional charters 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. SAC-NYC is dedicated to providing a high-quality education to primarily disadvantaged students to narrow the achievement gap.

Success Academy Charter School - Harlem 1, Success Academy Charter School - Harlem 2, Success Academy Charter School - Harlem 3, Success Academy Charter School - Harlem 4, and Success Academy Charter School - Harlem 5 merged into a single legal entity under Success Academy Charter School - Harlem 3, which serves as the sole surviving education corporation. The plan of merger was approved by the Board of Trustees of the State University of New York and the New York State Education Department Board of Regents and became effective for financial purposes on October 1, 2012. Success Academy Charter School - Harlem 3 changed its name to Success Academy Charter Schools - NYC, and each school is authorized by The Charter Schools Institute of the State University of New York.

Success Academy Charter School - Bronx 1, Success Academy Charter School - Bronx 2, Success Academy Charter School - Upper West, Success Academy Charter School - Bed Stuy 1, Success Academy Charter School - Bed Stuy 2, Success Academy Charter School - Cobble Hill, and Success Academy Charter School - Williamsburg merged into SACS-NYC, which serves as the sole surviving education corporation. The plan of merger, dated September 20, 2013, was approved by SACS-NYC's Board of Trustees and is effective July 1, 2014. Pursuant to the effective date, all schools ceased to exist as legal entities and all schools' operations are under SACS-NYC. The merger was approved by the New York State Board of Regents and the Charter Schools Institute of the State University of New York on February 26, 2014.

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Success Academy Charter Schools - NYC

Notes to Financial Statements

The financial statements of SACS-NYC include the following schools that all form a single legal entity:

1. Success Academy CS - Harlem 1	Harlem 1 (Elementary)	Serving Grades K-4
2. Success Academy CS - Harlem 2	Harlem 2 (Elementary)	Serving Grades K-4
3. Success Academy CS - Harlem 3	Harlem 3 (Elementary)	Serving Grades K-4
4. Success Academy CS - Harlem 4	Harlem 4 (Elementary)	Serving Grades K-4
5. Success Academy CS - Harlem 5	Harlem 5 (Elementary)	Serving Grades K-4
6. Success Academy CS - Harlem 6	Harlem 6 (Elementary)	Serving Grades K-4
7. Success Academy CS - Bed Stuy 2	Bed Stuy 2 (Elementary)	Serving Grades K-4
8. Success Academy CS - Cobble Hill	Cobble Hill (Elementary)	Serving Grades K-4
9. Success Academy CS - Williamsburg	Williamsburg (Elementary)	Serving Grades K-4
10. Success Academy CS - Crown Heights	Crown Heights (Elementary)	Serving Grades K-4
11. Success Academy CS - Prospect Heights	Prospect Heights (Elementary)	Serving Grades K-4
12. Success Academy CS - Bensonhurst	Bensonhurst (Elementary)	Serving Grades K-4
13. Success Academy CS - Bergen Beach	Bergen Beach (Elementary)	Serving Grades K-4
14. Success Academy CS - Bushwick	Bushwick (Elementary)	Serving Grades K-4
15. Success Academy CS - Flatbush	Flatbush (Elementary)	Serving Grades K-4
16. Success Academy CS - Upper West	Upper West (Elementary)	Serving Grades K-4
17. Success Academy CS - Hell's Kitchen	Hell's Kitchen (Elementary)	Serving Grades K-4
18. Success Academy CS - Union Square	Union Square (Elementary)	Serving Grades K-4
19. Success Academy CS - Washington Heights	Washington Heights (Elementary)	Serving Grades K-4
20. Success Academy CS - Hudson Yards	Hudson Yards (Elementary)	Serving Grades K-4
21. Success Academy CS - Rosedale	Rosedale (Elementary)	Serving Grades K-4
22. Success Academy CS - Springfield Gardens	Springfield Gardens (Elementary)	Serving Grades K-4
23. Success Academy CS - Far Rockaway	Far Rockaway (Elementary)	Serving Grades K-4
24. Success Academy CS - South Jamaica	South Jamaica (Elementary)	Serving Grades K-4
25. Success Academy CS - Bronx 1	Bronx 1 (Elementary)	Serving Grades K-4
26. Success Academy CS - Bronx 2	Bronx 2 (Elementary)	Serving Grades K-4
27. Success Academy CS - Bronx 3	Bronx 3 (Elementary)	Serving Grades K-4
28. Success Academy CS - Bronx 4	Bronx 4 (Elementary)	Serving Grades K-4
29. Success Academy CS - Bronx 5 Upper (NYC 11)	Bronx 5 Upper (Elementary)	Serving Grades K-4
30. Success Academy CS - Bronx 5 Lower (NYC 3)	Bronx 5 Lower (Elementary)	Serving Grades K-4
31. Success Academy CS - Harlem 6	Norwood (Elementary)	Serving Grades K-4
32. Success Academy CS - Sheepshead Bay	Sheepshead Bay (Elementary)	Serving Grades K-4
33. Success Academy CS - Bed Stuy 1	Queens Village 1 (Elementary)	Serving Grades K-4
34. Success Academy CS - Bed Stuy 3	Queens Village 2 (Elementary)	Serving Grades K-4
35. Success Academy CS - Harlem 1	Harlem West (Middle)	Serving Grades 5-8
36. Success Academy CS - Harlem 5	Harlem North Central (Middle)	Serving Grades 5-8
37. Success Academy CS - Harlem 3	Harlem East (Middle)	Serving Grades 5-8
38. Success Academy CS - Bed Stuy 1	Bed Stuy 1 (Middle)	Serving Grades 5-8
39. Success Academy CS - Crown Heights	Ditmas Park (Middle)	Serving Grades 5-8
40. Success Academy CS - Bergen Beach	East Flatbush (Middle)	Serving Grades 5-8
41. Success Academy CS - Bed Stuy 3	Lafayette (Middle)	Serving Grades 5-8
42. Success Academy CS - Upper West	Midtown West (Middle)	Serving Grades 5-8
43. Success Academy CS - Washington Heights	Hamilton Heights Legacy (Middle)	Serving Grades 5-8
44. Success Academy CS - Union Square	Hudson Yards (Middle)	Serving Grades 5-8
45. Success Academy CS - Springfield Gardens	Springfield Gardens (Middle)	Serving Grades 5-8
46. Success Academy CS - Bronx 2	Bronx 2 (Middle)	Serving Grades 5-8
47. Success Academy CS - Bronx 1	Bronx 1 (Middle)	Serving Grades 5-8
48. Success Academy CS - Bronx 3	Bronx (Middle)	Serving Grades 5-8
49. Success Academy CS - Rosedale	Ozone Park (Middle)	Serving Grades 5-8
50. Success Academy CS - Far Rockaway	Rockaway Park (Middle)	Serving Grades 5-8
51. Success Academy CS - Bed Stuy 1	Liberal Arts - Brooklyn (High)	Serving Grades 9-12
52. Success Academy CS - Harlem 1	Liberal Arts Manhattan (High)	Serving Grades 9-12
53. Success Academy CS - Bronx 3	Liberal Arts Harlem (High)	Serving Grades 9-12

Success Academy Charter Schools - NYC

Notes to Financial Statements

SACS-NYC provided education to 19,199 full-time equivalent (FTE) in grades kindergarten through high school during the 2023-2024 academic year.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of SACS-NYC have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets—with and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Without Donor Restrictions - This class consists of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of SACS-NYC. These net assets may be used at the discretion of SACS-NYC's management and the Board of Trustees. Board-designated net assets for community reinvestment are for long-term community reinvestment in connection with SACS-NYC's educational mission, including, but not limited to, its supervision and operation of schools and its real property needs (including, but not limited to, leases, acquisitions and/or furnishing, maintenance, and renovation of educational and/or administrative facilities) and all other matters in furtherance of SACS-NYC's mission to create and build high performing public charter schools.

With Donor Restrictions - This class consists of 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 SACS-NYC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that 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 statement of activities. As of June 30, 2024, the SACS-NYC had no assets with donor restrictions.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest, and other investment income, net of direct internal and external investment expenses, are reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

Cash and Cash Equivalents

SACS-NYC considers highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents. SACS-NYC has not experienced any losses on these accounts. Under the provisions of its charter, SACS-NYC established an escrow account to pay for legal and audit expenses

Success Academy Charter Schools - NYC

Notes to Financial Statements

that would be associated with a dissolution should it occur. As of June 30, 2024, the escrow account amounted to \$353,296.

In a prior year, SACS-NYC began setting aside cash as Board-designated net assets for community reinvestment, which are shown as current assets in the statement of financial position. As of June 30, 2024, Board-designated cash funds for community reinvestment totaled \$96,975,000.

At June 30, 2024, SACS-NYC has cash balances in financial institutions that exceed FDIC limits by \$135,616,122.

Per-Pupil Receivable, Net of Credit Loss

Receivables are recorded at their net realizable values, based upon the current expected credit loss for doubtful accounts. All of SACS-NYC's receivables are expected to be collected within one year.

Current Expected Credit Loss

SACS-NYC follows the expected credit loss model for the receivables that are specifically identified by management as to their uncertainty in regard to collectability after the initial recording of revenue at the net realizable value. At June 30, 2024, management determined to reserve an amount of \$2,645,094 to cover the expected credit losses arising from these receivables.

Conditional Promises to Give

Private donors have provided \$3,109,159 in a prior year that is considered a conditional promise to give that remains outstanding at June 30, 2024. Conditional promises to give are not included as contributions until the conditions have been met.

Refundable Advances

SACS-NYC has recorded amounts received in advance of satisfying the conditions as refundable advances on the statement of financial position. For the year ended June 30, 2024, SACS-NYC has refundable advances related to conditional promises to give of \$291,790.

Inventory

Inventory consists of scholar laptops for use in SACS-NYC's everyday operations. The inventory is stated at the lower of cost (on a first-in, first-out basis) or net realizable value.

Investments, at Amortized Cost

Investments, at amortized cost, consist of time deposits at a bank with maturity dates no longer than one year.

Success Academy Charter Schools - NYC

Notes to Financial Statements

Fixed Assets

Fixed assets are recorded at cost. Additions and improvements or betterments in excess of \$2,500 with an estimated useful life of three or more years are capitalized. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Fixed assets acquired with certain government contract funds are recorded as expenses pursuant to the terms of the contract. The estimated useful lives of the assets are as follows:

Asset Category	Useful Life (Years)
Technology equipment and academic equipment	3
Furniture and fixtures	3
Software	3
Renovations and improvements	Useful life or lease term, whichever is shorter

Asset Impairment

SACS-NYC reviews long-lived assets, including equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of June 30, 2024, management concluded that technology equipment, leasehold improvements, furniture, and academic equipment with a net book value of \$5,241 are impaired and therefore have been written off.

Revenue Recognition

Per-Pupil Revenue

SACS-NYC recognizes revenues from per-pupil funding in the fiscal year in which the academic programs are provided. Per-pupil revenue is billed and received based on the total number of FTE students and the basic charter school tuition rate for the school district of residence of the students attending SACS-NYC in any given fiscal year for general education and special education. The FTE is formula-driven and based on the number of days the student has been with SACS-NYC as a proportion of the number of days in the entire school year (the calculation is done by using the New York State calculator online). SACS-NYC's total student population includes general education and special education students. SACS-NYC has determined that revenue from its students has the same performance obligations, types of contract, and services rendered. As a result, the student body is viewed as one customer base for revenue recognition purposes. SACS-NYC uses a portfolio approach to account for per-pupil contracts as a collective group rather than recognizing revenue on an individual-contract basis. SACS-NYC believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual-contract approach was used.

Per-pupil invoicing is managed on a bi-monthly basis to the funding source (local school district). Billing is a function of student enrollment for the upcoming fiscal year, which is the basis for the first two invoices per-pupil due June 1st and July 31st, which is a projection. Subsequent invoices are due bi-monthly. With the implementation of an automated invoicing process through a dedicated website, the submission of each invoice is done online. After the year is complete, SACS-NYC submits the FTE per-pupil reconciliation, listing every student who attended any part of the year, and the

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Notes to Financial Statements

FTE each represents. Based on this final count, as amounts are trued up to actual, the reconciliation calculates how much should have been paid to SACS-NYC or any amounts payable to the funding source. Any amounts due from the funding source are included in accounts receivable at year-end and any amounts due to the funding source are included in accounts payable at year-end.

Additional funding is also provided to support special education services. All students who are identified to need special education services or settings have an Individualized Education Program (IEP), formalized for his or her unique needs. Based on this IEP, the student is categorized into one of three levels of service: 0-20% service, 20-60% service, or 60% or more service required and provided by SACS-NYC. For a student receiving less than 20% in services, no additional funding is received. For a student receiving services between 20% and 60% and 60% or more services of the school day, additional funding per FTE is received. Billing for this support is incorporated into the per-pupil invoices and is also settled in the same FTE per-pupil reconciliation process.

As the students receive the benefit of these services simultaneously as SACS-NYC is providing them, SACS-NYC recognizes per-pupil revenue from these services over time. SACS-NYC believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to students receiving academic or school services. SACS-NYC measures the performance obligation from admission or enrollment into the school to the point when the student is discharged or the end of the school year where it is no longer required to provide services to the student, which is generally at the time of discharge or the completion of the school year. All these services are bundled and considered a single-performance obligation; as such, SACS-NYC accounts for these bundled-performance obligations under state and local per-pupil operating revenue in the statement of activities and recognizes the per-pupil revenue over time under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* (ASC 606).

Revenue with customers is comprised of the following:

Year ended June 30, 2024

State per-pupil operating revenue	\$ 391,235,440
Total Revenue Subject to ASC 606	391,235,440
Total Revenue Not Subject to ASC 606	61,389,067
Total Revenue, Support, and Gains	\$ 452,624,507

Receivables from per-pupil contracts are as follows:

	Receivables
Beginning of year	\$ -
End of year	1,891,661

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Government Grants

Government and other grants revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under ASC Topic 958, *Not-for-Profit Entities*. Government and other grants contracts are evaluated for contributions that are conditional. Factors including the existence of a conditional contribution include the presence of a barrier that must be overcome and either a right of return of assets transferred or a right of release of a funder's obligation to transfer the assets. Government and other grant revenues are recognized when the conditions are satisfied, which is generally when the expenditures for each contract are incurred. Government and other grant funds received in excess of revenue earned are recorded as refundable advances.

Revenue from federal, state, and local government grants and contracts is recognized by SACS-NYC when qualifying expenditures are incurred and billable to the government, or when required services have been provided.

Contract Assets and Contract Liabilities

In accordance with FASB ASC 606, contract assets are to be recognized when an entity has the right to receive consideration in exchange for goods or services that have been transferred to a customer when that right is conditional on something other than the passage of time. SACS-NYC recognizes per-pupil revenue as contract assets, as the right to receive consideration is unconditional in accordance with the passage of time criteria. Total per-pupil revenue recognized was \$391,235,440 for the year ended June 30, 2024. Also, in accordance with ASC 606, contract liabilities are to be recognized when an entity is obligated to transfer goods or services for which consideration has already been received. SACS-NYC does not receive consideration prior to the transfer of goods or services and, therefore, does not recognize contract liabilities.

Contributions of Nonfinancial Assets

SACS-NYC may receive contributed services that are an integral part of its operations. Such services are only recorded as contributions of nonfinancial assets, at their fair value, provided the services create or enhance nonfinancial assets, require specified skills provided by individuals possessing those skills, and typically need to be purchased if not provided by donation.

SACS-NYC receives donated space from the New York City Department of Education (NYCDOE) that it shares with a New York City public school (see Note 9). The donated space will be used for operating, general, and administrative activities. In valuing the donated space, which is located in the Bronx, Brooklyn, Queens, and Manhattan, SACS-NYC estimated the fair value on the basis of recent comparable market rates in the Bronx, Brooklyn, Queens, and Manhattan's real estate market, taking into account the restriction on use of the space.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the respective programs and activities according to the functional categories, as follows:

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Program Services - This category represents expenses related to general education and special education for certain students requiring additional attention and guidance. These costs are allocated based on the FTE allocation and usage method.

Management and General - This category represents expenses related to the overall administration and operation of SACS-NYC that are not specific to any program services or development. These costs are allocated based on the FTE allocation and usage method.

Repairs and Maintenance

Repairs and maintenance expense is immediately recognized on the statement of activities in the period it is incurred. In contrast, costs that extend the life of an asset or improve its capacity (capital expenditures) are capitalized and then depreciated over the improved asset's new useful life. For the year ended June 30, 2024, the repair and maintenance balance amounted to \$1,489,969, which is recorded as facilities within the statement of functional expenses.

Income Taxes

SACS-NYC is exempt from federal, state, and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the IRC) and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, SACS-NYC has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the IRC. There was no unrelated business income for the year ended June 30, 2024.

Under GAAP, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. SACS-NYC does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. SACS-NYC is subject to routine audits by a taxing authority. As of June 30, 2024, SACS-NYC was not subject to any examination by a taxing authority.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject SACS-NYC to concentrations of credit risk consist principally of cash, cash equivalents, and investments. SACS-NYC maintains its cash and cash equivalents in various bank deposit accounts that, at times, may exceed federally insured limits. To minimize risk, SACS-NYC's cash accounts are placed with high-credit quality financial institutions. SACS-NYC regularly evaluates its depository arrangements and investments, including performance thereof.

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Notes to Financial Statements

Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset information. With respect to the statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the SACS-NYC's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Leases

SACS-NYC adopted ASC 842 using the cumulative-effect adjustment approach as of July 1, 2022. SACS-NYC elected the package of practical expedients permitted under the transition guidance within Topic 842, which allowed SACS-NYC to carry forward the historical lease classification, retain the initial direct costs for any leases that existed prior to the adoption of the standard, and not reassess whether any contracts entered into prior to the adoption are leases. SACS-NYC did not elect the hindsight practical expedient to reassess the lease term for leases within SACS-NYC's lease population.

Upon adoption, SACS-NYC recognized operating lease right-of-use (ROU) assets of \$49,736,235, operating lease liabilities of \$49,736,198, finance lease ROU assets of \$7,294,702, and finance lease liabilities of \$9,870,340 as of July 1, 2022. In addition, SACS-NYC reclassified deferred rent of \$0. The additional disclosures required by the new standard have been included in Note 7.

SACS-NYC determines if an arrangement is a lease (or contains a lease) at inception and, if so, determines whether the lease is classified by a lessee as operating or finance. Operating leases are included in right-of-use assets - operating leases and right-of-use liability - operating and finance leases are included in right-of-use assets - finance and right-of-use liability - finance in the statement of financial position. 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. ROU assets are calculated and recognized at lease commencement date based on the present value of lease payments over the lease term adjusted for any lease payments paid to the lessor at or before the commencement date and initial direct costs incurred by SACS-NYC and exclude any lease incentives received from the lessor. When the implicit rate is not readily available, SACS-NYC has made an accounting policy election to use the risk-free rate to determine the present value of lease payments for all asset types. SACS-NYC's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option.

SACS-NYC has elected to not recognize ROU asset and lease obligations for its short-term leases, which are defined as leases with an initial term of 12 months or less in accordance with the allowed method under the new lease standard. SACS-NYC has elected to not separate lease and non-lease components for all of its real estate and equipment leases. For leases in which the lease and non-lease components have been combined, the variable lease expense includes expenses such as common area maintenance, data processing, repairs, and maintenance and are expensed as incurred.

Lease expense for operating leases is recorded within facility, information technology, and professional development within the statement of functional expenses. Lease expense for finance leases is recorded within depreciation and amortization expense for the portion of the expense that

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amortizes the ROU asset, and the interest component is recorded within the interest expense line item of the statement of functional expenses.

Recently Adopted Accounting Pronouncements

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU.

The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which require that a loss be incurred before it is recognized. For available-for-sale securities where fair value is less than cost, credit-related impairment, if any, is recognized through an allowance for credit losses and adjusted each period for changes in credit risk.

On July 1, 2023, the SACS-NYC adopted the guidance prospectively. At adoption, there was no cumulative adjustment recorded.

For the year ended June 30, 2024, SACS-NYC recorded \$1,157,086 of credit losses related to receivables for out-of-New-York-City per-pupil revenue and government grants, which is recorded in miscellaneous on the statement of functional expenses. Management took into consideration past collection history, current conditions, and future expectations when determining the amount of credit losses to be recorded.

3. Liquidity and Availability of Resources

The SACS-NYC’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

As of June 30, 2024

Cash and cash equivalents	\$	39,141,121
Cash funds, designated for community reinvestment		96,975,000
Grants and contracts receivable, net		34,722,297
Per-pupil receivable, net of credit loss		1,891,661
Investments, at amortized cost		10,000,000
Loan receivable		30,000,000
		<hr/>
		212,730,079
Less: amounts unavailable for general expenditures within one year due to:		
Cash escrow (Note 2)		353,296
		<hr/>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$	212,376,783

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Notes to Financial Statements

Liquidity Management

SACS-NYC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of available funds. In addition to financial assets available to meet general expenditures over the next 12 months, SACS-NYC seeks to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

4. Grants and Contracts Receivable, Net

The total amount of grants and contracts receivable is \$34,722,297 as of June 30, 2024, and SACS-NYC expects collection within the next 12 months.

5. Fixed Assets, Net

SACS-NYC's fixed assets, net, consist of the following:

As of June 30, 2024

Furniture and fixtures	\$	130,512
Academic equipment		99,365
Renovations and improvements		51,014,548
Technology equipment		5,296,836
Fixed assets not placed in service		7,635,957
Fixed Assets		64,177,218
Less: accumulated depreciation		(23,334,075)
Fixed Assets, Net	\$	40,843,143

Fixed assets not placed in service are made up of school renovations of \$5,413,631 and technology projects of \$2,222,326. The costs within both categories will be capitalized into fixed assets and begin depreciation once work is completed and fixed assets are placed into service.

For the year ended June 30, 2024, depreciation expense was \$10,396,906.

6. Related Party Transactions

Due to Affiliate

Success Academy Charter Schools, Inc. (the Network), a not-for-profit organization dedicated to helping start and manage charter schools, provides curriculum development, teacher leader training, and school operations management to SACS-NYC. Pursuant to the terms of the Academic and Business Service Agreement, with an effective date of July 1, 2020, SACS-NYC pays the Network an annual fee of equal to the total FTE enrollment of students in SACS-NYC multiplied by the "per-pupil fee." The per-pupil fee shall be equal to \$4,051 per FTE student in the 2023-2024 school year for charter schools in the New York City school district, as per the terms of the Academic and Business Service Agreement. For operational efficiency and purchasing power, SACS-NYC also shares common expenses with the Network.

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Notes to Financial Statements

For the year ended June 30, 2024, SACS-NYC incurred \$77,765,712 in management fees with a balance due to the Network for \$15,160,483. This balance represents expenses paid by the Network on behalf of SACS-NYC.

Amounts due to the Network, which included expenses paid on behalf of SACS-NYC that are included in due to affiliates, net, are as follows:

As of June 30, 2024

Employee benefits	\$	1,841,556
School purchases		11,949,226
Medical insurance		1,369,701
Total	\$	15,160,483

On February 6, 2024, SACS-NYC entered into a lease agreement with the Network to lease a school building in the Bronx that was still under construction as of June 30, 2024. As part of the lease agreement, in order to defray the costs of construction, SACS-NYC made a payment to the Network in the amount of \$53,025,000, which is recognized as prepaid asset by SACS-NYC at June 30, 2024.

Loan Guarantee

On January 29, 2020, SACS-NYC entered and signed a loan guarantee for the Network's revolving line of credit in the amount of \$30,000,000 with a financial institution, whereby SACS-NYC, identified as a guarantor, guarantees the obligation of the Network under the respective financing arrangement. The line of credit has a sub-limit of \$15,000,000 for purposes of issuing letters of credit. At June 30, 2023, the outstanding balance for the line of credit was \$0. A letter of credit has been allocated in the amount of \$1,640,326 against the sub-limit to secure the construction of leasehold improvements and security to the lease property of office space at 95 Pine Street. The letter of credit expires on December 31, 2024.

Additionally, SACS-NYC is named a guarantor and guarantees the obligation of the Network for the full payment when due on the finance lease for the Hudson Yards site.

Loan Receivable from Affiliated Organization

In order to fund the purchase of the Carol Joy site for the Queens K-12 campus, 153 Hillside Ave, LLC (SAQ1), whose sole member is the Network, received a loan from SACS-NYC on March 1, 2023. The loan was for \$30 million and shall carry an annual fixed interest of 5% based on the unpaid balance. The loan payable is recorded at SAQ1 for \$30 million and the loan receivable is recorded at SACS-NYC for \$30 million. Interest payments will be made on June 30th every year, starting on June 30, 2023. The interest receivable balance at SACS-NYC was \$0 and interest payable balance at SAQ1 was \$0 at June 30, 2024. Interest expense at SAQ1 will be \$125,000 per month and resulted in \$1,500,000 for the fiscal year end June 30, 2024. Interest revenue at SACS-NYC will be \$125,000 per month and resulted in \$1,500,000, which is recorded in interest and other income on the statement of activities for fiscal year-end June 30, 2024.

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Notes to Financial Statements

7. Leases

SACS-NYC has operating leases for real estate with lease terms that are five-year terms and school equipment leases consisting primarily of copiers and printers with lease terms ranging up to three years. SACS-NYC has finance leases for equipment with lease terms ranging up to three years.

SACS-NYC's lease cost recognized in the statement of activities consists of the following:

Year ended June 30, 2024

Operating lease cost	\$ 10,880,462
Finance lease cost:	
Amortization of ROU assets	2,867,582
Interest on lease liabilities	63,114
Total Lease Cost	\$ 13,811,158

Other lease information is as follows:

Year ended June 30, 2024

Cash paid for amounts included in measurement of lease obligations:	
Operating cash flows from operating leases	\$ 10,455,947
Financing cash flows from finance leases	3,803,726

As of June 30, 2024

Weighted-average remaining lease term - operating leases	3.00 years
Weighted-average discount rate - operating leases	2.91%

Maturities of lease liabilities as of June 30, 2024 are as follows:

As of June 30,

	<u>Operating Leases</u>
2025	\$ 10,066,367
2026	11,251,645
2027	11,611,762
2028	106,497
Total Undiscounted Lease Obligations	33,036,271
Less: imputed interest	(693,824)
Net Lease Obligations	\$ 32,342,447

Rent expense charged to operations for the year ended June 30, 2024 was \$10,880,462. \$9,004,828 is recorded in facility, \$283,052 is recorded in information technology, and \$1,592,582 is recorded in professional development on the statement of functional expenses.

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Notes to Financial Statements

8. Revenue Concentrations

SACS-NYC receives substantially all of its support and revenue from the NYCDOE. If the funding from the NYCDOE were to be reduced or eliminated, SACS-NYC's finances could be materially adversely affected. Revenue funded under the NYCDOE for SACS-NYC amounted to approximately 86% of total revenue, support, and gains and 4% of total receivable.

9. Agreement for School Facilities

SACS-NYC shares space with various New York City public schools in the Bronx, Brooklyn, Queens, and Manhattan. Under New York State's Charter Schools Act, the NYCDOE has provided this space to SACS-NYC at no charge. The services provided by the NYCDOE to SACS-NYC, such as rent, utilities, custodial services, maintenance, and school safety services, are provided at no cost.

SACS-NYC is using a relative valuation model to measure the fair value of the donated space. The NYCDOE has not provided a fair value for the space and there is no lease agreement in place. In applying the fair valuation model, significant inputs include the total square footage allocated to SACS-NYC; the average cost per square foot based on comparable market rates in the Bronx, Brooklyn, Queens, and Manhattan; and the estimated discount factor applied to the cost per square foot to account for the restricted use of the space. Based on such assumptions, SACS-NYC applies a relative cost per square foot calculated using all available market information in the Bronx, Brooklyn, Queens, and Manhattan.

The average square footage of the space provided by the NYCDOE to 49 SACS-NYC schools is approximately 20,000 square feet. The value of the space and related utilities and services calculated by applying the relative fair valuation model is not significant and, therefore, is not recorded in the financial statements.

10. Commitments and Contingencies

Contingencies

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. Management is of the opinion that such cost disallowances, if any, will not have a material effect on SACS-NYC's financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims. Additionally, SACS-NYC signed a loan guarantee for the Network's non-revolving line of credit as indicated in Note 6.

From time to time, SACS-NYC is involved in claims, lawsuits, and proceedings that arise in the ordinary course of business. Such matters include, but are not limited to, claims involving particular students, employment law, and personal injury. Management believes that SACS-NYC has strong defenses with respect to these matters, and SACS-NYC intends to vigorously defend its positions. SACS-NYC evaluates estimated contingencies or losses related to these matters on an ongoing basis, in conjunction with internal and external counsel. Should any matter, based on applicable accounting standards, be determined to likely result in adverse financial impact, SACS-NYC accrues a contingency accordingly. As of June 30, 2024, there are no matters for which SACS-NYC believes the ultimate outcome would have a material adverse effect on SACS-NYC's financial position.

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Notes to Financial Statements

11. Employee Benefit Plan

SACS-NYC maintains a deferred compensation plan qualified under Section 403(b) of the IRC. SACS-NYC matches up to 3% of eligible employee's annual compensation not to exceed the employee's annual salary deferral amount. SACS-NYC made contributions totaling \$3,947,529 for the year ended June 30, 2024.

12. Subsequent Events

The SACS-NYC's management has performed subsequent event procedures through October 10, 2024, which is the date the financial statements were available to be issued. There were no other subsequent events that would require an adjustment to the financial statements or disclosure as a result of these procedures, except for the following:

On July 31, 2024, SAQ1 paid back the \$30,000,000 loan plus \$125,000 accrued interest related to the purchased of the Carol Joy site to SACS-NYC.

Supplementary Information

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Detailed Schedule of Activities by School (with comparative totals for 2023)

Year ended June 30, 2024

	Ed Corp	SA - Harlem 1	SA - Harlem 2	SA - Harlem 3	SA - Harlem 4	SA - Harlem 5	SA - Harlem 6	SA - Bed Stuy 2	SA - Cobble Hill	SA - Williamsburg	SA - Crown Heights	SA - Prospect Heights	SA - Bensonhurst	SA - Bergen Beach
Revenue, Support, and Gains, Net														
State per-pupil operating revenue	\$ 243,233	\$ 8,386,304	\$ 4,538,391	\$ 4,779,143	\$ 4,199,977	\$ 7,046,531	\$ 821,560	\$ 7,001,982	\$ 6,859,440	\$ 5,207,139	\$ 7,545,841	\$ 4,493,213	\$ 12,192,462	\$ 9,398,586
Government grants		480,520	1,585,952	885,760	989,875	499,580	1,797,087	665,259	615,277	812,226	623,159	815,435	794,390	617,517
Contributions	-	50,306	28,746	26,351	26,351	43,119	4,791	38,328	40,724	31,142	47,910	26,351	79,052	59,888
Interest and other income	11,018,121	296	204	235	209	281	61	245	271	225	266	197	338	315
(Loss) gain on asset impairment	(5,234)	-	(2)	(1)	(2)	(1)	-	3	-	-	-	-	-	-
Revenue, Support, and Gains, Net	11,256,120	8,917,426	6,153,291	5,691,488	5,216,410	7,589,510	2,623,499	7,705,817	7,515,712	6,050,732	8,217,176	5,335,196	13,066,242	10,076,306
Expenses														
Program services:														
General education	421,712	5,950,636	4,163,072	3,874,362	3,798,417	5,202,229	1,496,761	4,683,430	5,016,372	4,303,605	5,320,626	3,685,051	7,930,608	6,575,595
Special education	91,609	1,292,659	904,346	841,630	825,131	1,130,083	325,142	1,017,383	1,089,708	934,874	1,155,802	800,505	1,722,769	1,428,419
Total Program Services	513,321	7,243,295	5,067,418	4,715,992	4,623,548	6,332,312	1,821,903	5,700,813	6,106,080	5,238,479	6,476,428	4,485,556	9,653,377	8,004,014
Supporting services:														
General and administrative	100,214	810,498	574,641	535,425	528,975	700,952	261,804	636,520	681,225	597,874	706,601	509,643	1,077,044	864,634
Total Expenses	613,535	8,053,793	5,642,059	5,251,417	5,152,523	7,033,264	2,083,707	6,337,333	6,787,305	5,836,353	7,183,029	4,995,199	10,730,421	8,868,648
Change in Net Assets	10,642,585	863,633	511,232	440,071	63,887	556,246	539,792	1,368,484	728,407	214,379	1,034,147	339,997	2,335,821	1,207,658
Net (Deficit) Assets, beginning of year	(40,856,229)	16,426,999	14,111,732	9,405,595	7,130,810	11,398,468	2,012,289	1,908,344	2,664,550	7,219,377	8,119,130	4,670,052	16,985,548	12,839,730
Net (Deficit) Assets, end of year	\$ (30,213,644)	\$ 17,290,632	\$ 14,622,964	\$ 9,845,666	\$ 7,194,697	\$ 11,954,714	\$ 2,552,081	\$ 3,276,828	\$ 3,392,957	\$ 7,433,756	\$ 9,153,277	\$ 5,010,049	\$ 19,321,369	\$ 14,047,388

See accompanying notes to financial statements.

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Detailed Schedule of Activities by School (with comparative totals for 2023)

Year ended June 30, 2024

	SA - Bushwick	SA - Flatbush	SA - Upper West	SA - Hell's Kitchen	SA - Union Square	SA - Washington Heights	SA - Hudson Yards	SA - Rosedale	SA - Springfield Gardens	SA - Far Rockaway	SA - South Jamaica	SA - Bronx 1	SA - Bronx 2	SA - Bronx 3
Revenue, Support, and Gains (Losses), Net														
State per-pupil operating revenue	\$ 9,681,458	\$ 12,165,334	\$ 5,882,479	\$ 8,797,888	\$ 10,239,162	\$ 7,271,147	\$ 8,055,158	\$ 13,599,702	\$ 9,939,759	\$ 7,650,241	\$ 9,469,845	\$ 6,083,639	\$ 10,446,821	\$ 10,212,665
Government grants	1,382,936	1,382,270	184,312	601,763	268,854	1,049,422	2,385,353	290,808	239,831	468,822	210,228	2,045,016	1,503,720	1,464,452
Contributions	59,888	74,261	38,328	52,701	59,888	43,119	45,515	86,239	62,283	59,888	57,492	38,328	64,679	59,888
Interest and other income	288	361	258	282	329	273	278	354	275	287	269	242	332	296
(Loss) gain on asset impairment	-	-	(1)	(1)	-	-	-	-	-	-	-	(1)	(1)	-
Total Revenue, Support, and Gains (Losses), Net	11,124,570	13,622,226	6,105,376	9,452,633	10,568,233	8,363,961	10,486,304	13,977,103	10,242,148	8,179,238	9,737,834	8,167,224	12,015,551	11,737,301
Expenses														
Program services:														
General education	5,993,362	7,222,512	4,888,238	5,834,438	6,869,620	6,519,430	7,828,567	7,881,026	6,098,975	5,787,363	5,780,938	4,808,818	6,864,637	6,316,438
Special education	1,301,940	1,568,949	1,061,874	1,267,418	1,492,291	1,416,219	1,700,603	1,711,998	1,324,883	1,257,191	1,255,796	1,044,622	1,491,208	1,372,122
Total Program Services	7,295,302	8,791,461	5,950,112	7,101,856	8,361,911	7,935,649	9,529,170	9,593,024	7,423,858	7,044,554	7,036,734	5,853,440	8,355,845	7,688,560
Supporting services:														
General and administrative	879,249	1,013,438	542,183	808,537	863,460	743,402	979,566	1,281,096	830,692	774,117	774,319	703,930	1,022,150	948,415
Total Expenses	8,174,551	9,804,899	6,492,295	7,910,393	9,225,371	8,679,051	10,508,736	10,874,120	8,254,550	7,818,671	7,811,053	6,557,370	9,377,995	8,636,975
Change in Net Assets	2,950,019	3,817,327	(386,919)	1,542,240	1,342,862	(315,090)	(22,432)	3,102,983	1,987,598	360,567	1,926,781	1,609,854	2,637,556	3,100,326
Net Assets (Deficit), beginning of year	10,972,099	9,289,518	10,604,227	9,665,859	11,286,301	7,836,660	(1,176,915)	16,065,639	12,381,748	10,471,837	7,736,576	14,714,188	23,129,170	17,171,123
Net Assets (Deficit), end of year	\$ 13,922,118	\$ 13,106,845	\$ 10,217,308	\$ 11,208,099	\$ 12,629,163	\$ 7,521,570	\$ (1,199,347)	\$ 19,168,622	\$ 14,369,346	\$ 10,832,404	\$ 9,663,357	\$ 16,324,042	\$ 25,766,726	\$ 20,271,449

See accompanying notes to financial statements.

Success Academy Charter Schools - NYC

Detailed Schedule of Activities by School (with comparative totals for 2023)

Year ended June 30, 2024

	SA - Bronx 4	SA - Bronx 5 Upper	SA - Bronx 5 Lower	SA - Norwood	SA - Sheepshead Bay	SA - Queens Village 1	SA - Queens Village 2	SA - MS Harlem West MS	SA - Harlem North Central MS	SA - Harlem East MS	SA - Bed Stuy MS	SA - Ditmus Park MS	SA - East Flatbush MS	SA - Lafayette MS
Revenue, Support, and Gains (Losses), Net														
State per-pupil operating revenue	\$ 11,229,413	\$ 1,703,909	\$ 2,014,660	\$ 3,850,382	\$ 1,811,942	\$ 3,520,876	\$ 1,136,134	\$ 5,014,735	\$ 8,153,722	\$ 8,766,224	\$ 9,556,413	\$ 6,972,003	\$ 10,166,738	\$ 6,791,581
Government grants	1,889,259	814,470	655,288	792,652	1,141,889	342,483	172,689	316,802	446,743	1,128,550	1,190,537	804,097	562,580	317,652
Contributions	69,470	9,582	11,978	23,955	11,978	1,266,560	262,187	31,142	50,306	52,701	57,492	45,515	62,283	40,724
Interest and other income	314	89,943	90,124	162	128	226	1	234	322	370	332	240	366	255
Total Revenue, Support, and Gains (Losses), Net	13,188,456	2,617,904	2,772,050	4,667,151	2,965,937	5,130,145	1,571,011	5,362,913	8,651,093	9,947,845	10,804,774	7,821,855	10,791,967	7,150,212
Expenses														
Program services:														
General education	7,229,120	2,802,129	2,973,159	4,047,003	2,659,179	3,053,001	1,352,656	4,312,950	6,249,642	6,673,874	6,658,715	5,151,755	7,043,227	4,989,928
Special education	1,570,385	608,708	645,860	879,132	577,654	663,205	293,838	936,904	1,357,612	1,449,768	1,446,476	1,119,117	1,530,004	1,083,964
Total Program Services	8,799,505	3,410,837	3,619,019	4,926,135	3,236,833	3,716,206	1,646,494	5,249,854	7,607,254	8,123,642	8,105,191	6,270,872	8,573,231	6,073,892
Supporting services:														
General and administrative	1,016,997	336,383	349,851	611,345	355,244	508,039	222,734	539,656	821,066	924,496	952,336	690,450	909,945	626,870
Total Expenses	9,816,502	3,747,220	3,968,870	5,537,480	3,592,077	4,224,245	1,869,228	5,789,510	8,428,320	9,048,138	9,057,527	6,961,322	9,483,176	6,700,762
Change in Net Assets	3,371,954	(1,129,316)	(1,196,820)	(870,329)	(626,140)	905,900	(298,217)	(426,597)	222,773	899,707	1,747,247	860,533	1,308,791	449,450
Net Assets (Deficit), beginning of year	18,058,628	(965,116)	(907,633)	-	-	-	-	(1,589,432)	(2,771,279)	1,745,392	(2,434,343)	928,403	1,324,968	(2,628,218)
Net Assets (Deficit), end of year	\$ 21,430,582	\$ (2,094,432)	\$ (2,104,453)	\$ (870,329)	\$ (626,140)	\$ 905,900	\$ (298,217)	\$ (2,016,029)	\$ (2,548,506)	\$ 2,645,099	\$ (687,096)	\$ 1,788,936	\$ 2,633,759	\$ (2,178,768)

See accompanying notes to financial statements.

Success Academy Charter Schools - NYC

Detailed Schedule of Activities by School (with comparative totals for 2023)

Year ended June 30,

	SA - Midtown West MS	SA - Hamilton Heights MS	SA - Hudson Yards MS	SA - Springfield Gardens MS	SA - MS Bronx 2 MS	SA - Bronx 1 MS	SA - Bronx MS	SA - Ozone Park MS	SA - Rockaway Park MS	SA - High School of the Liberal Arts - Brooklyn	SA - High School of the Liberal Arts - Manhattan	SA - High School of the Liberal Arts - Harlem	Total 2024 Success Academy Charter Schools - NYC	Total 2023 Success Academy Charter Schools - NYC
Revenue, Support, and Gains (Losses), Net														
State per-pupil operating revenue	\$ 14,096,992	\$ 3,064,796	\$ 10,162,903	\$ 8,997,977	\$ 9,044,005	\$ 2,331,137	\$ 9,864,413	\$ 10,740,380	\$ 5,564,864	\$ 2,437,912	\$ 15,565,901	\$ 6,466,328	\$ 391,235,440	\$ 364,683,917
Government grants	344,970	545,076	3,034,055	140,763	1,354,424	368,597	1,369,697	729,287	427,523	775,960	833,540	1,127,370	46,286,777	45,790,851
Contributions	83,843	19,164	59,888	52,701	52,701	14,373	57,492	67,074	23,955	16,769	103,007	43,120	3,895,516	904,496
Interest and other income	435	140	296	333	299	134	357	349	223	195	516	333	11,212,015	6,187,343
Loss on asset impairment	-	-	-	-	-	-	-	-	-	-	-	-	(5,241)	(558,817)
Total Revenue, Support, and Gains (Losses), Net	14,526,240	3,629,176	13,257,142	9,191,774	10,451,429	2,714,241	11,291,959	11,537,090	6,016,565	3,230,836	16,502,964	7,637,151	452,624,507	417,007,790
Expenses														
Program services:														
General education	8,590,939	2,824,665	8,534,765	6,892,282	6,069,223	2,463,216	7,042,464	7,017,690	4,846,443	3,835,627	11,451,599	6,892,488	292,774,577	238,232,195
Special education	1,866,214	613,603	1,854,010	1,497,213	1,318,420	535,086	1,529,837	1,524,456	1,052,795	833,216	2,487,636	1,497,259	63,599,546	75,212,284
Total Program Services	10,457,153	3,438,268	10,388,775	8,389,495	7,387,643	2,998,302	8,572,301	8,542,146	5,899,238	4,668,843	13,939,235	8,389,747	356,374,123	313,444,479
Supporting services:														
General and administrative	1,149,207	401,226	1,189,911	978,888	807,601	316,586	904,392	944,180	618,098	458,808	1,445,373	827,915	39,658,201	39,579,467
Total Expenses	11,606,360	3,839,494	11,578,686	9,368,383	8,195,244	3,314,888	9,476,693	9,486,326	6,517,336	5,127,651	15,384,608	9,217,662	396,032,324	353,023,946
Change in Net Assets	2,919,880	(210,318)	1,678,456	(176,609)	2,256,185	(600,647)	1,815,266	2,050,764	(500,771)	(1,896,815)	1,118,356	(1,580,511)	56,592,183	63,983,844
Net Assets (Deficit), beginning of year	2,159,573	751,951	1,721,394	1,168,200	3,294,479	-	2,005,216	630,125	(929,435)	(1,201,293)	(16,851,247)	165,988	237,860,746	173,876,902
Net Assets (Deficit), end of year	\$ 5,079,453	\$ 541,633	\$ 3,399,850	\$ 991,591	\$ 5,550,664	\$ (600,647)	\$ 3,820,482	\$ 2,680,889	\$ (1,430,206)	\$ (3,098,108)	\$ (15,732,891)	\$ (1,414,523)	\$ 294,452,929	\$ 237,860,746

See accompanying notes to financial statements.

Success Academy Charter Schools - NYC

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.S. Department of Education				
Passed through the New York State				
Education Department:				
Title I Grants to Local Educational Agencies (Title I Part A of the ESEA)	84.010	None	\$ -	\$ 11,364,893
Supporting Effective Instruction State Grants	84.367	None	-	1,278,113
Student Support and Academic Enrichment Program	84.424	None	-	877,345
Elementary and Secondary School Emergency Relief Fund	84.425D	None	-	1,344,748
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	None	-	17,203,540
Passed through the New York City				
Department of Education:				
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA, Part B)	84.027	None	-	5,867,120
Passed through Success Academy				
Charter Schools, Inc.:				
Charter Schools - Grants for Replication and Expansion of High-Quality Charter Schools Program - CSP	84.282M	None	-	2,421,893
Total U.S. Department of Education			-	40,357,652
U.S. Department of Agriculture				
Passed through the New York State				
Education Department:				
National School Lunch Program (NSLP)	10.555	None	-	181,578
School Breakfast Program (SBP)	10.553	None	-	46,871
Total US Department of Agriculture			-	228,449
Total Expenditures of Federal Awards			\$ -	\$ 40,586,101

The accompanying notes are an integral part of this schedule.

Success Academy Charter Schools - NYC

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 Success Academy Charter Schools - NYC (SACS-NYC) 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 SACS-NYC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of SACS-NYC.

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 limited as to reimbursement.

3. Indirect Cost Rate

SACS-NYC has a provisional approval to use an indirect cost rate of 10% for all programs for the period from July 1, 2023, through June 30, 2024. The reimbursement of indirect costs reflected in the accompanying financial statements is subject to final approval by federal grantors and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustments will not be material to SACS-NYC's financial position or change in net assets.

4. Subsequent Events

SACS-NYC has evaluated subsequent events occurring after the financial statements date of June 30, 2024 through the date of October 10, 2024, except for our report on the supplemental schedule of expenditures of federal awards, for which the subsequent events date is November 5, 2024, which is the date the financial statements were available to be issued. No events arose during the period that would require adjustment or additional disclosure.



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*

The Board of Trustees
Success Academy Charter Schools - NYC
New York, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Success Academy Charter Schools - NYC (SACS-NYC), which comprise SACS-NYC's 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 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SACS-NYC'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 SACS-NYC's internal control. Accordingly, we do not express an opinion on the effectiveness of SACS-NYC'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 consolidated 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 SACS-NYC'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 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 SACS-NYC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SACS-NYC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

October 10, 2024



Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Trustees
Success Academy Charter Schools - NYC
New York, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Success Academy Charter Schools - NYC’s (SACS-NYC) 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 SACS-NYC’s major federal programs for the year ended June 30, 2024. SACS-NYC’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, SACS-NYC complied, in all material respects, with the 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 (GAAS); 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 SACS-NYC 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 SACS-NYC’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 SACS-NYC’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 SACS-NYC'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 GAAS, *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 SACS-NYC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 SACS-NYC'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 SACS-NYC'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 SACS-NYC'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.

BDO USA, P.C.

November 5, 2024

Success Academy Charter Schools - NYC

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

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ 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? _____ yes X none reported

Type of auditor's 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:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies (Title I Part A of the ESEA)
84.367	Supporting Effective Instruction State Grants

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

\$1,217,583

Auditee qualified as low-risk auditee?

 X yes _____ no

Section II. Financial Statement Findings

There were no findings related to the financial statements that are required to be reported, in accordance with generally accepted government auditing standards.

Section III. Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.