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**THE ACADEMY CHARTER SCHOOL**

**Financial Statements with Supplementary  
Information**

For the years ended June 30, 2024 and 2023

# THE ACADEMY CHARTER SCHOOL

## Financial Statements

June 30, 2024 and 2023

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## **Independent Auditor’s Report**

To the Board of Trustees of  
The Academy Charter School  
Hempstead, New York

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

#### ***Opinion***

We have audited the accompanying financial statements of The Academy Charter School (“TACS”) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of TACS as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TACS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TACS'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 TACS'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

### ***Other Matters***

#### ***Report on Supplementary Information Required by New York State Education Department***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 21 to 26 is required by the New York State Department of Education who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Such 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 accompanying supplementary information shown on pages 21 to 26 is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, shown on page 27, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 TACS’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 TACS’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 TACS’s internal control over financial reporting and compliance.

NChing LLP

New York, New York  
October 31, 2024



# THE ACADEMY CHARTER SCHOOL

## Statements of Financial Position

As of June 30,

	<u>2024</u>	<u>2023</u>
<b><u>Assets</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 12,211,201	\$ 12,911,561
Restricted cash and escrow reserves - bond principal and interest	6,339,641	3,236,159
Accounts receivable - net	11,060,314	1,130,702
Grants receivable - government agencies	1,222,161	1,454,263
Due from affiliate	2,505,243	11,803,963
Prepaid expenses	28,200	82,677
Total current assets	<u>33,366,760</u>	<u>30,619,325</u>
<b>Property and equipment, net</b>	135,839,196	139,773,949
<b>Operating lease right-of-use assets</b>	3,372,255	3,891,911
<b>Other assets</b>		
Restricted cash and escrow reserves	13,729,426	13,889,385
Security and other deposits	231,679	228,179
Total assets	<u><u>\$ 186,539,316</u></u>	<u><u>\$ 188,402,749</u></u>
<b><u>Liabilities and Net Assets</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 2,219,611	\$ 1,935,711
Accrued salaries and other payroll-related expenses	6,742,994	6,469,509
Accrued interest payable	2,780,223	2,844,883
Bonds payable - current portion	3,385,000	2,305,000
Line of credit	4,000,000	5,000,000
Lease liabilities - operating leases - current portion	448,045	589,936
Total current liabilities	<u>19,575,873</u>	<u>19,145,039</u>
Lease liabilities - operating leases - long-term portion	3,005,846	3,383,611
Bonds payable (long-term portion; net of unamortized deferred financing costs of \$4,718,300 in 2024 and \$4,907,662 in 2023)	<u>150,191,428</u>	<u>153,387,066</u>
Total liabilities	<u>172,773,147</u>	<u>175,915,716</u>
<b>Net assets without donor restrictions</b>		
Undesignated	13,574,132	12,301,441
Reserve - contingency	192,037	185,592
Total net assets without donor restrictions	<u>13,766,169</u>	<u>12,487,033</u>
Total liabilities and net assets	<u><u>\$ 186,539,316</u></u>	<u><u>\$ 188,402,749</u></u>

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

**THE ACADEMY CHARTER SCHOOL****Statements of Activities**

For the years ended June 30,

	<u>2024</u>	<u>2023</u>
<b><u>Operating revenue and other support</u></b>		
<b>Public school districts</b>		
Regular education	\$ 78,546,790	\$ 67,846,567
Special education	1,372,405	1,345,052
	<hr/>	<hr/>
Total state and local per pupil operating revenue	79,919,195	69,191,619
<b>Grants, contracts and other support</b>		
Contributions and private grants	10,468	7,135,072
Federal and state grants	6,322,263	6,218,399
Interest and other income	1,562,356	1,078,055
	<hr/>	<hr/>
Total operating revenue and other support	87,814,282	83,623,145
	<hr/>	<hr/>
<b><u>Expenses</u></b>		
<b>Program expenses</b>		
Regular education	57,898,612	56,015,405
Food service	6,371,024	4,077,518
Special education	1,855,986	1,312,862
	<hr/>	<hr/>
Total program expenses	66,125,622	61,405,785
	<hr/>	<hr/>
<b>Supporting services</b>		
Management and general	20,185,025	16,863,668
Fundraising	224,499	-
	<hr/>	<hr/>
Total supporting services	20,409,524	16,863,668
	<hr/>	<hr/>
Total program and supporting services expenses	86,535,146	78,269,453
	<hr/>	<hr/>
Change in net assets	1,279,136	5,353,692
Net assets without donor restrictions - beginning of year	12,487,033	7,133,341
	<hr/>	<hr/>
Net assets without donor restrictions - end of year	<u>\$ 13,766,169</u>	<u>\$ 12,487,033</u>

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

**THE ACADEMY CHARTER SCHOOL**  
**Statement of Functional Expenses**  
For the year ended June 30, 2024

	<b>Program expenses</b>			<b>Supporting services</b>	<b>Fundraising</b>	<b>Total program and supporting services</b>	
	Regular education	Special education	Food service	Total programs	Management & general		Fundraising
<b>Salaries</b>							
Administrative staff personnel	\$ 1,313,721	\$ -	\$ -	\$ 1,313,721	\$ 8,011,974	\$ -	\$ 9,325,695
Instructional personnel	24,455,273	884,441	-	25,339,714	-	-	25,339,714
Noninstructional personnel	44,739	-	1,151,913	1,196,652	5,249,488	-	6,446,140
Total salaries	<u>25,813,733</u>	<u>884,441</u>	<u>1,151,913</u>	<u>27,850,087</u>	<u>13,261,462</u>	<u>-</u>	<u>41,111,549</u>
<b>Operating expenses</b>							
Payroll taxes and fringe benefits	5,740,138	191,960	288,563	6,220,661	2,945,566	-	9,166,227
Retirement benefits	502,266	15,811	23,678	541,755	242,770	-	784,525
Financial and administrative	17,300	-	-	17,300	579,601	-	596,901
Administrative	47,818	-	1,629	49,447	7,439	-	56,886
Marketing and recruitment	119,277	-	-	119,277	-	-	119,277
Insurance	525,837	16,650	24,718	567,205	197,692	-	764,897
Legal and professional	495,911	-	245,918	741,829	17,739	216,962	976,530
Repairs and maintenance	2,691,756	73,617	399,166	3,164,539	196,922	-	3,361,461
Equipment leasing and maintenance	1,697,043	39,238	53,038	1,789,319	227,330	-	2,016,649
Staff development	449,587	14,659	425	464,671	-	7,537	472,208
Food costs	-	-	2,858,058	2,858,058	-	-	2,858,058
Student services and related activities	3,655,572	173,202	7,756	3,836,530	-	-	3,836,530
Supplies and instructional materials	1,477,577	46,763	55,664	1,580,004	34,590	-	1,614,594
Telephone and internet services	654,160	13,479	6,020	673,659	61,639	-	735,298
Occupancy	741,852	30,200	195,856	967,908	48,011	-	1,015,919
Other expenses	483,001	1,680	6,650	491,331	77,482	-	568,813
Interest expense - facilities loans	7,465,249	206,541	309,458	7,981,248	915,683	-	8,896,931
Depreciation	5,189,762	143,272	736,606	6,069,640	1,322,891	-	7,392,531
Amortization	130,773	4,473	5,908	141,154	48,208	-	189,362
Total operating expenses	<u>32,084,879</u>	<u>971,545</u>	<u>5,219,111</u>	<u>38,275,535</u>	<u>6,923,563</u>	<u>224,499</u>	<u>45,423,597</u>
Total expenses	<u>\$ 57,898,612</u>	<u>\$ 1,855,986</u>	<u>\$ 6,371,024</u>	<u>\$ 66,125,622</u>	<u>\$ 20,185,025</u>	<u>\$ 224,499</u>	<u>\$ 86,535,146</u>

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

**THE ACADEMY CHARTER SCHOOL**  
**Statement of Functional Expenses**  
For the year ended June 30, 2023

	<b>Program expenses</b>			<b>Supporting services</b>	<b>Total program and supporting services</b>
	Regular education	Special education	Food service	Management & general	
				Total programs	
<b>Salaries</b>					
Administrative staff personnel	\$ 5,626,640	\$ 369,463	\$ 145,907	\$ 6,142,010	\$ 9,707,220
Instructional personnel	22,149,314	437,813	-	22,587,127	22,587,127
Noninstructional personnel	14,925	-	950,339	965,264	5,984,722
Total salaries	<u>27,790,879</u>	<u>807,276</u>	<u>1,096,246</u>	<u>29,694,401</u>	<u>38,279,069</u>
<b>Operating expenses</b>					
Payroll taxes and fringe benefits	6,145,729	117,754	283,860	6,547,343	8,899,617
Retirement benefits	440,009	6,755	21,266	468,030	629,464
Financial and administrative	41,104	-	-	41,104	588,688
Administrative	47,126	-	408	47,534	63,594
Marketing and recruitment	53,435	-	-	53,435	53,435
Insurance	345,633	5,193	16,679	367,505	592,570
Legal and professional	613,205	9,647	120,393	743,245	1,107,269
Repairs and maintenance	2,428,213	15,757	73,638	2,517,608	2,869,243
Equipment leasing and maintenance	1,164,315	18,300	40,913	1,223,528	1,520,728
Staff development	563,902	7,676	1,147	572,725	572,725
Food costs	260,608	-	1,927,827	2,188,435	2,281,424
Student services and related activities	3,831,334	58,175	2,700	3,892,209	3,899,842
Supplies and instructional materials	1,704,669	22,342	-	1,727,011	1,750,978
Telephone and internet services	404,733	7,159	19,260	431,152	717,462
Occupancy	1,111,820	110,686	46,820	1,269,326	1,515,238
Other expenses	210,777	-	6,794	217,571	288,181
Interest expense - facilities loans	4,858,059	70,923	232,544	5,161,526	6,996,868
Depreciation	3,835,902	54,146	184,298	4,074,346	5,453,696
Amortization	163,953	1,073	2,725	167,751	189,362
Total operating expenses	<u>28,224,526</u>	<u>505,586</u>	<u>2,981,272</u>	<u>31,711,384</u>	<u>39,990,384</u>
Total expenses	<u>\$ 56,015,405</u>	<u>\$ 1,312,862</u>	<u>\$ 4,077,518</u>	<u>\$ 61,405,785</u>	<u>\$ 78,269,453</u>

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

**THE ACADEMY CHARTER SCHOOL****Statements of Cash Flows**

For the years ended June 30,

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,279,136	\$ 5,353,692
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	7,392,531	5,453,696
Amortization of debt issuance costs	189,362	189,362
Noncash operating lease expense	-	81,636
Changes in operating assets and liabilities		
Accounts and grants receivable	(9,929,612)	173,542
Grants receivable - government agencies	232,102	1,792,673
Due from affiliates	9,298,720	(8,642,026)
Security and other deposits	(3,500)	(103,522)
Prepaid expenses	54,477	(45,343)
Accounts payable and accrued expenses	283,900	(240,975)
Accrued salaries and other payroll-related expenses	273,485	1,197,972
Accrued interest payable	(64,660)	905,940
Net cash provided by operating activities	<u>9,005,941</u>	<u>6,116,647</u>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	<u>(3,457,778)</u>	<u>(27,950,613)</u>
<b>Cash flows from financing activities</b>		
Payments on bonds payable	(2,305,000)	(1,590,000)
Draws on line of credit	4,000,000	10,210,313
Payments on line of credit	<u>(5,000,000)</u>	<u>(7,710,313)</u>
Net cash (used in)/provided by financing activities	<u>(3,305,000)</u>	<u>910,000</u>
Net increase/(decrease) in cash, cash equivalents, and restricted cash	2,243,163	(20,923,966)
Cash, cash equivalents, and restricted cash - beginning of year	<u>30,037,105</u>	<u>50,961,071</u>
Cash, cash equivalents, and restricted cash - end of year	<u>\$ 32,280,268</u>	<u>\$ 30,037,105</u>
<b>Supplemental cash flow disclosures</b>		
Interest paid	<u>\$ 8,947,770</u>	<u>\$ 5,977,718</u>
Interest capitalized	<u>\$ -</u>	<u>\$ 2,086,360</u>
Reconciliation of cash, cash equivalents and restricted cash balances:		
Cash and cash equivalents	\$ 12,211,201	\$ 12,911,561
Restricted cash and escrow reserves:		
Bond principal reserves	2,945,260	1,846,812
Bond interest reserves	3,394,381	1,389,347
Restricted cash - held by trustee	18,521	32,343
Debt service reserve fund	13,189,184	12,619,869
Capitalized interest reserve	3,146	740,739
Repairs and replacements	326,538	310,842
Restricted cash - contingency	192,037	185,592
Total restricted cash and escrow reserves	<u>20,069,067</u>	<u>17,125,544</u>
Total cash, cash equivalents and restricted cash	<u>\$ 32,280,268</u>	<u>\$ 30,037,105</u>

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

## **THE ACADEMY CHARTER SCHOOL**

### **Notes to the Financial Statements**

June 30, 2024 and 2023

#### **Note 1 Organization**

The Academy Charter School (“TACS”), a 501(c)(3) tax-exempt organization, is a public charter school located in Hempstead and Uniondale, New York. TACS opened its first campus in Hempstead in February 2009 and commenced operating classes for kindergarten through second grade in September 2009, and added third through eleventh grade classes in 2010 through 2019. In fiscal year 2020, TACS Hempstead added twelfth grade reaching full capacity during the 2019-20 school year. TACS Hempstead charter was renewed in 2019 for an additional five years. TACS Uniondale charter was renewed in 2022 and approved through July 31, 2024. The mission of TACS is to offer an interdisciplinary curriculum in a technology-rich environment that challenges students to explore connections across subjects and use experiential learning to bridge the gaps between theory and practice. Enrollment is open to all potential student candidates, with a preference for those residing in the immediate area.

Effective December 2017, The Academy Charter School – Uniondale location received its charter approval from The State University of New York Charter School Institute. Subsequently, The Academy Charter School – Uniondale obtained a charter modification authorizing it to operate classes from kindergarten to twelfth grades.

The Academy Charter School, Hempstead location, is referred to as “The Academy – Hempstead” and The Academy Charter School – Uniondale is referred to as “The Academy – Uniondale.” Collectively, The Academy – Hempstead and The Academy – Uniondale will be referred to as “TACS.”

#### **Affiliated organizations.**

The Academy Charter School 2 (“TACS2”), a 501(c)(3) tax-exempt organization, is a public charter school located in Wyandanch, New York.

Friends of The Academy, Inc. (“FOTA”) is a New York not-for-profit organization incorporated on February 24, 2015, which is a 501(c)(3) tax exempt entity.

TACS, TACS2 and FOTA are guarantors on outstanding bonds which were issued by TACS and FOTA. The proceeds from these bonds were used to construct and refinance facilities owned by TACS and TACS2. As a result of being co-obligors on the outstanding bonds, in addition to issuing separate standalone financial statements for each of those entities, the financial statements were also combined for financial reporting purposes.

#### **Note 2 Summary of significant accounting policies**

**Basis of accounting.** The financial statements of TACS have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) on the accrual basis of accounting.

## THE ACADEMY CHARTER SCHOOL

### Notes to the Financial Statements

June 30, 2024 and 2023

#### Note 2 Summary of significant accounting policies – (continued)

**Financial statement presentation.** TACS reports information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions.** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of TACS.

**Net assets with donor restrictions.** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TACS or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

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

For contributions, TACS evaluates whether they are conditional or unconditional. Contributions are considered to be conditional when both barriers, the right of return of the assets and the right of release from the obligation, must be overcome for TACS to be entitled to the revenue.

**Use of estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents.** TACS considers all short-term, highly liquid investments, such as money market funds, to be cash equivalents.

**Grants receivable.** Grants receivables (including grants receivable from government agencies) are recorded at net realizable value. The allowance for doubtful accounts is TACS's best estimate of the amount of probable credit losses in existing receivables. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. For years ended June 30, 2024 and 2023, no allowance for doubtful accounts as relates to grants receivable was recorded as grants deemed fully collectible.

**THE ACADEMY CHARTER SCHOOL**

**Notes to the Financial Statements**

June 30, 2024 and 2023

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

**Restricted cash and escrow reserves.** Restricted cash and escrow reserves relate to reserve and escrow accounts that are required to be maintained by TACS in accordance with the bond indenture and charter requirements.

**Concentrations of credit risk.** Financial instruments, which potentially subject TACS to concentrations of credit risk include cash and accounts receivable. TACS maintains its cash in bank deposit accounts which, at times, may exceed the current insured amount of \$250,000 under the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2024, TACS’s cash balance exceeded the current amount insured under FDIC. TACS has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk therein.

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

**Property and equipment.** Property and equipment are recorded at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Maintenance and repairs are charged to expense as incurred; significant improvements are capitalized. TACS capitalizes additions and significant improvements in excess of \$5,000. Depreciation is computed using the straight-line method over estimated useful lives of the respective asset. The estimated depreciable lives of the different classes of property are as follows:

<u>Asset</u>	<u>Useful Life</u>
Building	39 years
Building improvements	39 years
Furniture and fixtures	7 years
Machinery and equipment	3 years
Computer and office equipment	3 years

Depreciation charges for computer equipment financed through capitalized lease obligations are included in depreciation expense. Depreciation for construction-in-progress will commence over the estimated useful lives of the respective assets when the assets are placed in service.

**Functional allocation of expenses.** The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Salaries and employee benefits	Direct allocation; then time and effort
Legal and professional fees	Direct allocation; then time and effort
Repairs and maintenance	Time and effort

## THE ACADEMY CHARTER SCHOOL

### Notes to the Financial Statements

June 30, 2024 and 2023

#### Note 2 Summary of significant accounting policies – (continued)

**Advertising.** Advertising costs are expensed as incurred.

**Donated goods and services.** TACS receives donated services from unpaid volunteers. No amounts have been recognized in the accompanying statement of activities, since the services do not meet the specialized skill criteria for recognition under U.S. GAAP.

**Debt issuance costs.** Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the bonds payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using a straight-line method over the term of the related debt. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Amortization expenses amounted to \$189,362 for both years ended June 30, 2024 and 2023.

**Leases.** TACS determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities represent the present value of future minimum lease payments over the lease term. ROU assets also include any prepaid or accrued rent. The change in operating lease ROU assets and lease liabilities on the statement of cash flows includes amortization of the ROU asset, cash payments for leases and accretion of the discounted lease liability.

Operating lease expense is recognized on a straight-line basis over the lease term. TACS does not recognize ROU assets and lease liabilities for short-term leases (leases with a term of 12 months or less). Payments for these leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease. These options are included in the lease term when it is reasonably certain that TACS will exercise the option.

**Recently adopted accounting pronouncements.** On July 1, 2023, TACS adopted Financial Accounting Standards Board (“FASB”) ASU 2016-13, *Financial Instruments – Credit Losses* (“Topic 326”). Financial assets, which potentially subject TACS to credit losses, consist primarily of accounts receivable. Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The credit loss allowance is determined through analysis of the financial assets and assessments of risk that are based on historical trends and evaluation of the impact of current and projected economic conditions.

## THE ACADEMY CHARTER SCHOOL

### Notes to the Financial Statements

June 30, 2024 and 2023

#### Note 2 Summary of significant accounting policies – (continued)

TACS collects per pupil revenue from various districts from which the students are residents of and attending the school. TACS has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages for different aging categories (61–90 days past due, and more than 90 days past due). Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at June 30, 2024 and 2023 because the composition of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at June 30, 2024 and 2023 totaled \$275,356 and \$291,505, respectively.

**Income taxes.** TACS is exempt from income taxes under 501(c)(3) of the Internal Revenue Code (the Code). TACS has analyzed tax positions taken for filing with the Internal Revenue Service and state jurisdictions where it operates. TACS does not anticipate any significant uncertain tax positions that would require recognition in the financial statements. Periods ending June 30, 2021 and subsequent remain subject to examination by the taxing authorities.

#### Note 3 Liquidity and availability

At June 30, 2024, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 12,211,201
Accounts receivable – net	11,060,314
Grants receivable – government agencies	<u>1,222,161</u>
Total financial assets available for general expenditures within one year	<u>\$ 24,493,676</u>

These financial assets are not subject to donor or other contractual restrictions which would make them unavailable for general expenditures within one year of the balance sheet date. TACS structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, TACS may borrow from the available credit line described in Note 6.

#### Note 4 Concentrations of revenue

For the years ended June 30, 2024 and 2023, TACS received approximately 90% and 83% of its operating revenue from per pupil funding primarily from two school districts, respectively.

**THE ACADEMY CHARTER SCHOOL**  
**Notes to the Financial Statements**  
June 30, 2024 and 2023

**Note 5 Property and equipment**

Property and equipment consist of the following as of June 30,:

	2024		Total
	The Academy - Hempstead	The Academy - Uniondale	
Land	\$ 790,000	\$ -	\$ 790,000
Building	64,238,444	69,836,049	134,074,493
Building improvements	5,252,826	1,706,771	6,959,597
Furniture and fixtures	3,457,177	4,416,075	7,873,252
Machinery and equipment	37,190	911,516	948,706
Educational equipment	875,498	508,191	1,383,689
Computer and office equipment	6,748,294	7,743,264	14,491,558
Total property and equipment	81,399,429	85,121,866	166,521,295
Less: accumulated depreciation	(20,331,313)	(10,350,786)	(30,682,099)
Property and equipment, net	<u>\$ 61,068,116</u>	<u>\$ 74,771,080</u>	<u>\$ 135,839,196</u>
	2023		
	The Academy - Hempstead	The Academy - Uniondale	Total
Land	\$ 790,000	\$ -	\$ 790,000
Building	64,250,655	32,187,771	96,438,426
Building improvements	5,072,166	1,444,339	6,516,505
Furniture and fixtures	3,418,983	2,017,738	5,436,721
Machinery and equipment	23,335	615,112	638,447
Educational equipment	474,425	27,807	502,232
Computer and office equipment	5,944,889	4,431,568	10,376,457
Construction in progress	-	42,364,729	42,364,729
Total property and equipment	79,974,453	83,089,064	163,063,517
Less: accumulated depreciation	(17,430,286)	(5,859,282)	(23,289,568)
Property and equipment, net	<u>\$ 62,544,167</u>	<u>\$ 77,229,782</u>	<u>\$ 139,773,949</u>

**Note 6 Line of credit**

TACS has a \$10,000,000 revolving line of credit with a financial institution. The line of credit bears interest of 8.5% per annum, secured by the non-real estate assets of TACS, and is due and payable upon demand by the bank. As of June 30, 2024 and 2023, the outstanding line of credit total balances were \$4,000,000 and \$5,000,000, respectively.

**THE ACADEMY CHARTER SCHOOL**

**Notes to the Financial Statements**

June 30, 2024 and 2023

**Note 7 Restricted cash and escrow reserves**

Restricted cash and escrow reserve accounts as of June 30, 2024 and 2023 were as follows:

	2024			2023		
	The Academy - Hempstead	The Academy - Uniondale	Total	The Academy - Hempstead	The Academy - Uniondale	Total
Restricted cash and escrow reserves						
Bond principal reserves	\$ 2,062,277	\$ 882,983	\$ 2,945,260	\$ 720,745	\$ 1,126,067	\$ 1,846,812
Bond interest reserves	1,666,936	1,727,445	3,394,381	878,504	510,843	1,389,347
Total bond principal and interest reserve	3,729,213	2,610,428	6,339,641	1,599,249	1,636,910	3,236,159
Other restricted cash and escrow reserves:						
Restricted cash - held by trustee	5,898	12,623	18,521	20,284	12,059	32,343
Debt service reserve fund	8,027,322	5,161,862	13,189,184	7,680,721	4,939,148	12,619,869
Capitalized interest reserve	-	3,146	3,146	-	740,739	740,739
Repairs and replacements	217,692	108,846	326,538	207,228	103,614	310,842
Restricted cash - contingency	82,433	109,604	192,037	81,221	104,371	185,592
Total other restricted cash and reserves	8,333,345	5,396,081	13,729,426	7,989,454	5,899,931	13,889,385
Total restricted cash and escrow reserves	\$ 12,062,558	\$ 8,006,509	\$ 20,069,067	\$ 9,588,703	\$ 7,536,841	\$ 17,125,544

**Note 8 Bonds payable**

On August 10, 2017, The Town of Hempstead Local Development Corporation provided financing through the issuance of \$35,900,000 in Tax-Exempt Education Revenue Bonds (the “Series 2017A Bonds”), bearing interest from 5.45% to 6.24% per annum, with principal due at varying amounts annually through maturity on February 1, 2047, as well as \$2,685,000 in Taxable Education Revenue Bonds (the “Series 2017B Bonds”), bearing interest at 6.59% per annum, with principal due at varying amounts annually through maturity on February 1, 2024. The proceeds of the bonds were used for the acquisition, construction, equipment, and furnishing of an approximately 112,500 square foot building for The Academy – Hempstead.

On June 26, 2018, The Town of Hempstead Local Development Corporation provided financing through the issuance of \$19,520,000 in Tax-Exempt Education Revenue Bonds (the “Series 2018A Bonds”), bearing interest from 6.47% to 7.24% per annum, with principal due at varying amounts annually through maturity on February 1, 2048, as well as \$1,945,000 in Taxable Education Revenue Bonds (the “Series 2018B Bonds”), bearing interest at 7.24% per annum, with principal due at varying amounts annually through maturity on February 1, 2027. The proceeds of the bonds were used for the acquisition and renovation of building for The Academy – Uniondale.

## THE ACADEMY CHARTER SCHOOL

### Notes to the Financial Statements

June 30, 2024 and 2023

#### Note 8 Bonds payable – (continued)

On July 1, 2020, The Town of Hempstead Local Development Corporation provided financing through the issuance of \$35,860,000 in Tax-Exempt Education Revenue Bonds (the “Series 2020A Bonds”), bearing interest from 4.76% to 5.73% per annum, with principal due at varying amounts annually through maturity on February 1, 2050, as well as \$22,135,000 in Tax-Exempt Education Revenue Refunding Bonds (the “Series 2020B Bonds”), bearing interest from 4.76% to 5.66% per annum, with principal due at varying amounts annually through maturity on February 1, 2044, and a \$945,000 Taxable Education Revenue Bond (the “Series 2020C Bonds”), bearing interest at 6.00% due at varying amounts annually through maturity on February 1, 2025. The proceeds of the bonds were used to finance and refinance the costs of certain charter school facilities for both Hempstead and Uniondale campuses, as well as refund outstanding amounts on Series 2011A and Series 2013A bonds. Additionally, the funds were used for the construction, equipping, and furnishing of a 30,000 square foot, three story building for the Hempstead elementary school annex; interior renovation, equipping and furnishing of the Uniondale campus building; and a construction of additional 40,000 square foot facilities at the Uniondale campus.

On May 21, 2021, The Town of Hempstead Local Development Corporation provided financing through the issuance of \$45,965,000 in Tax-Exempt Education Revenue Bonds (the “Series 2021A Bonds”), bearing interest from 4.05% to 4.60% per annum, with principal due at varying amounts annually through maturity on February 1, 2051, and a \$650,000 Taxable Education Revenue Bond (the “Series 2021B Bonds”), bearing interest at 5.00% due in full on February 1, 2025. The proceeds of the bonds are to be used (A) to finance and refinance the costs of certain charter school facilities for Uniondale campus such as the acquisition and construction of an approximately 93,000 square foot, four-story addition to Uniondale's existing building situated on an approximately 5.7 acre parcel of land leased from Nassau County (the “Land”), all located at 100 Charles Lindbergh Boulevard, Uniondale, New York, and the acquisition and installation of certain equipment, furnishings and personal property for use in the Improvements (the “Equipment”; and together with the Improvements, the “2021 Facility”), which 2021 Facility is to be used as classrooms, administrative areas and related educational uses as a charter high school, (B) paying capitalized interest on the Series 2021 Bonds; (C) funding a debt service reserve, if required, for the Series 2021 Bonds, and (D) paying certain costs of issuance of the Series 2021 Bonds. Additionally, the funds to be used for construction, equipping, and furnishing of a 30,000 square foot, three story building for the Hempstead elementary school annex; interior renovation, equipping and furnishing of the Uniondale campus building; and a construction of additional 40,000 square foot facilities at the Uniondale campus.

On July 27, 2023, the Town of Babylon L.D. Corporation II provided financing through the issuance of \$39,250,000 in Tax-Exempt Education Revenue Bonds (the “Series 2023A Bonds”), bearing interest from 5.75% to 6.65% per annum, with principal due at varying amounts annually through maturity on February 1, 2053, as well as a \$805,000 Taxable Education Revenue Bond (the “Series 2023B Bonds”), bearing interest at 7.25% due at varying amounts annually through maturity on February 1, 2027. The bonds were issued to refinance and finance construction of facilities acquired by TACS2.

**THE ACADEMY CHARTER SCHOOL****Notes to the Financial Statements**

June 30, 2024 and 2023

**Note 8 Bonds payable – (continued)**

TACS and its affiliates, The Academy Charter School 2 (“TACS2”) and Friends of The Academy, Inc. (“FOTA”), are co-obligors on all outstanding bond series including the 2023 bond series. The 2023 bond series is presented on TACS2 and FOTA financials as bond proceeds received by those entities.

The summary of bonds payable at June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Series 2017 Bonds	\$ 35,420,000	\$ 36,135,000
Series 2018 Bonds	20,415,000	20,755,000
Series 2020 Bonds	56,370,000	57,620,000
Series 2021 Bonds	<u>46,089,728</u>	<u>46,089,728</u>
Total bonds payable	158,294,728	160,599,728
Less: current portion	(3,385,000)	(2,305,000)
Less: unamortized debt issuance costs	<u>(4,718,300)</u>	<u>(4,907,662)</u>
Long-term bonds payable - net	<u>\$ 150,191,428</u>	<u>\$ 153,387,066</u>

Future minimum principal payments for the next five years and in the aggregate thereafter are as follows:

<u>June 30,</u>	<u>The Academy - Hempstead</u>	<u>The Academy - Uniondale</u>	<u>Total</u>
2025	\$ 1,679,527	\$ 1,705,473	\$ 3,385,000
2026	1,765,256	1,799,744	3,565,000
2027	1,847,053	1,887,947	3,735,000
2028	1,945,816	1,979,184	3,925,000
2029	2,056,545	2,073,455	4,130,000
Thereafter	<u>60,542,611</u>	<u>79,012,117</u>	<u>139,554,728</u>
Total bonds payable	69,836,808	88,457,920	158,294,728
Less: current portion	(1,679,527)	(1,705,473)	(3,385,000)
Less: unamortized debt issuance costs	<u>(1,939,979)</u>	<u>(2,778,321)</u>	<u>(4,718,300)</u>
Long-term bonds payable - net	<u>\$ 66,217,302</u>	<u>\$ 83,974,126</u>	<u>\$ 150,191,428</u>

## **THE ACADEMY CHARTER SCHOOL**

### **Notes to the Financial Statements**

June 30, 2024 and 2023

#### **Note 9 Contingencies**

TACS participates in several federal and state programs. These programs require that TACS comply with certain laws, regulations, contracts, and agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government grants and contracts by government agencies is presently not determinable, in the opinion of the management, the ultimate outcome of such audits would not have a material effect on the financial position or results of operations. Accordingly, no provision for any such liability that may result has been made in the accompanying financial statements.

TACS is party to various legal proceedings incidental to their activities. Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against TACS. In the opinion of management and legal counsel, all such matters are without merit or are of such kind or involve such amounts that would not have a significant effect on the financial position or results of operations of TACS, if disposed of unfavorably.

#### **Note 10 Due from affiliate**

TACS assisted its affiliate, The Academy Charter School 2 (“TACS2”) with startup, organizational, and construction costs. As of June 30, 2024 and 2023, the total amount due to TACS was \$2,505,243, and \$11,803,963, respectively. Of which \$2,505,243 and \$955,476, respectively relates to operating costs for the years ended June 30, 2024 and 2023. Additionally for 2023, the amount of \$6,246,157 relates to the acquisition and renovation of a former hardware store known as the “Early Learning Facility”, and the remaining \$4,602,330 relate to the “New School Facility”. The amounts related to the New School Facility were repaid with the financing of the 2023 bond series. The advances bear no interest and are subject to repayment based on approval by both boards.

#### **Note 11 Retirement plan**

TACS is one of plan sponsors of The Academy Charter School 401(k) Plan (the “Plan”). Employees are eligible to participate in the Plan immediately upon employment. Participation in the Plan is voluntary. Employees can make contributions (pre-tax and Roth), up to IRS limits for each calendar year. TACS matches an employee’s contribution up to 4% of the employee’s annual compensation. For the years ended June 30, 2024 and 2023, TACS’s matching contributions were \$784,525 and \$629,464, respectively. Such plan assets are held in a separate trust and are not included in the accompanying financial statements. All Plan assets are held for the exclusive benefit of the Plan’s participants and beneficiaries. Effective January 1, 2022, the Plan was amended to allow TACS2 to become a participating Plan sponsor. As a result of this amendment, TACS2 employees are eligible to participate in the Plan immediately upon employment.

## THE ACADEMY CHARTER SCHOOL

### Notes to the Financial Statements

June 30, 2024 and 2023

#### Note 12 Accrued salaries and other payroll-related expenses

Accrued payroll and other payroll-related expenses consist of amounts earned by the staff during the school year, but paid over the summer months, including the related payroll taxes and benefits. As of June 30, 2024 and 2023, accrued payroll amounted to \$5,400,800 and \$5,100,832, respectively. The other payroll-related accruals as of June 30, 2024 and 2023 amounted to \$1,342,194 and \$1,368,677, respectively.

#### Note 13 Leases

In 2018, TACS assumed a ground lease for the land on which the acquired Uniondale property is located. The ground lease is a 99-year lease at the time it was originated in December of 1980 and expires in December of 2079. The lease payments are subject to increases on 5–10-year intervals in accordance with the payment escalation schedule in the lease agreement.

TACS leases office space in Garden City, NY expiring in July 2024. TACS is required to pay all executory costs (utilities, property taxes, maintenance, and insurance). Termination of the lease is generally prohibited unless there is a violation under the lease agreement. Any renewal options are excluded from the calculation of lease liabilities unless exercising the renewal option is reasonably assured.

TACS also leases various office equipment. Equipment leases do not have escalating lease payments schedule and are constant for the duration of the lease. Most of the equipment leases are on 5-year lease terms.

Total operating lease costs for the years ended June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
<b>Lease costs:</b>		
Operating lease cost (cost resulting from lease payments)	\$ 600,629	\$ 562,202
Short-term lease costs	92,198	749,370
Variable lease costs (costs excluded from lease payments)	618,904	231,304
<b>Total lease costs</b>	<u>\$ 1,311,731</u>	<u>\$ 1,542,876</u>

Operating lease terms and discount rate at June 30, 2024 are as follows:

Weighted average of remaining lease terms (years)	38.03 years
Weighted average discount rate	2.93%

**THE ACADEMY CHARTER SCHOOL**  
**Notes to the Financial Statements**  
June 30, 2024 and 2023

**Note 13 Leases – (continued)**

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of June 30, 2024, and a reconciliation to operating lease liabilities reported on the statements of financial position:

<u>June 30,</u>	<u>The Academy - Hempstead</u>	<u>The Academy - Uniondale</u>	<u>Total</u>
2025	\$ 377,360	\$ 70,685	\$ 448,045
2026	334,292	76,340	410,632
2027	295,396	76,340	371,736
2028	180,625	76,340	256,965
2029	17,742	76,340	94,082
Thereafter	-	4,430,789	4,430,789
Total future undiscounted lease payments	1,205,415	4,806,834	6,012,249
Less: Present value discount	(60,794)	(2,497,564)	(2,558,358)
Lease liabilities	<u>\$ 1,144,621</u>	<u>\$ 2,309,270</u>	<u>\$ 3,453,891</u>

**Note 14 Subsequent events**

Management has evaluated events and transactions for potential recognition or disclosure through October 31, 2024, which is the date the financial statements were available to be issued and has concluded that no subsequent events occurred that require an adjustment to or disclosure in the financial statements.

**THE ACADEMY CHARTER SCHOOL**  
**Statements of Financial Position: The Academy – Hempstead**  
As of June 30,

	2024	2023
<b><u>Assets</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 9,924,117	\$ 5,104,391
Restricted cash and escrow reserves - bond principal and interest	3,729,213	1,599,249
Accounts receivable - net	7,498,202	700,845
Grants receivable - government agencies	837,598	708,793
Due from The Academy - Uniondale	2,017,798	5,445,326
Due from affiliate (TACS2)	2,505,243	11,751,461
Prepaid expenses	28,200	44,124
Total current assets	26,540,371	25,354,189
<b>Property and equipment, net</b>	61,068,116	62,544,167
<b>Operating lease right-of-use assets</b>	1,144,621	1,577,075
<b>Other assets</b>		
Restricted cash and escrow reserves	8,333,345	7,989,454
Security and other deposits	201,754	198,254
Total assets	<u>\$ 97,288,207</u>	<u>\$ 97,663,139</u>
<b><u>Liabilities and Net Assets</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 1,139,649	\$ 1,130,107
Accrued salaries and other payroll-related expenses	4,413,152	4,053,671
Accrued interest payable	1,681,456	1,739,570
Bonds payable - current portion	1,679,527	1,585,765
Line of credit	4,000,000	5,000,000
Lease liabilities - operating leases - current portion	377,360	519,251
Total current liabilities	13,291,144	14,028,364
Lease liabilities - operating leases - long-term portion	767,261	1,057,824
Bonds payable (long-term portion; net of unamortized deferred financing costs of \$1,939,979 in 2024 and \$2,020,683 in 2023)	66,217,302	67,816,125
Total liabilities	<u>80,275,707</u>	<u>82,902,313</u>
<b>Net assets without donor restrictions</b>		
Undesignated	16,930,067	14,679,605
Reserve - contingency	82,433	81,221
Total net assets without donor restrictions	<u>17,012,500</u>	<u>14,760,826</u>
Total liabilities and net assets	<u>\$ 97,288,207</u>	<u>\$ 97,663,139</u>

**THE ACADEMY CHARTER SCHOOL**  
**Statements of Activities: The Academy – Hempstead**  
For the years ended June 30,

	<u>2024</u>	<u>2023</u>
<b><u>Operating revenue and other support</u></b>		
<b>Public school districts</b>		
Regular education	\$ 44,307,970	\$ 41,159,611
Special education	1,030,051	974,384
	<hr/>	<hr/>
Total state and local per pupil operating revenue	45,338,021	42,133,995
<b>Grants, contracts and other support</b>		
Contributions and private grants	10,468	7,066,687
Federal and state grants	3,501,498	4,089,941
Interest and other income	1,017,620	500,333
	<hr/>	<hr/>
Total operating revenue and other support	<u>49,867,607</u>	<u>53,790,956</u>
 <b><u>Expenses</u></b>		
<b>Program expenses</b>		
Regular education	31,503,562	33,483,974
Food service	3,657,245	2,517,672
Special education	893,755	868,137
	<hr/>	<hr/>
Total program expenses	<u>36,054,562</u>	<u>36,869,783</u>
<b>Supporting Services</b>		
Management and general	11,436,927	10,798,821
Fundraising	124,444	-
	<hr/>	<hr/>
Total supporting services	<u>11,561,371</u>	<u>10,798,821</u>
Total program and supporting services expenses	<hr/> <u>47,615,933</u>	<hr/> <u>47,668,604</u>
Change in net assets	2,251,674	6,122,352
Net assets without donor restrictions - beginning of year	<hr/> 14,760,826	<hr/> 8,638,474
Net assets without donor restrictions - end of year	<hr/> <u>\$ 17,012,500</u>	<hr/> <u>\$ 14,760,826</u>

**THE ACADEMY CHARTER SCHOOL**

**Statement of Functional Expenses: The Academy – Hempstead**

For the year ended June 30, 2024

	Number of Positions	Program expenses			Supporting services		Total program and supporting services	
		Regular Education	Special Education	Food Service	Total Programs	Management & General		Fundraising
<b>Salaries</b>								
Administrative staff personnel	49	\$ 771,806	\$ -	\$ -	\$ 771,806	\$ 4,586,455	\$ -	\$ 5,358,261
Instructional personnel	180	13,622,852	415,384	-	14,038,236	-	-	14,038,236
Noninstructional personnel	79	27,435	-	699,599	727,034	3,031,449	-	3,758,483
<b>Total salaries</b>	<b>308</b>	<b>14,422,093</b>	<b>415,384</b>	<b>699,599</b>	<b>15,537,076</b>	<b>7,617,904</b>	<b>-</b>	<b>23,154,980</b>
Payroll taxes and fringe benefits		3,695,448	104,830	197,778	3,998,056	1,880,541	-	5,878,597
Retirement benefits		318,115	8,520	16,074	342,709	153,670	-	496,379
Financial and administrative		9,500	-	-	9,500	312,523	-	322,023
Administrative		43,191	-	815	44,006	2,939	-	46,945
Marketing and recruitment		78,596	-	-	78,596	-	-	78,596
Insurance		325,379	8,714	16,441	350,534	126,903	-	477,437
Legal and professional		251,927	-	118,206	370,133	10,755	120,328	501,216
Repairs and maintenance		1,350,671	31,662	345,631	1,727,964	97,824	-	1,825,788
Equipment leasing and maintenance		1,277,483	25,931	26,560	1,329,974	102,880	-	1,432,854
Staff development		235,086	6,592	-	241,678	-	4,116	245,794
Food costs		-	-	1,630,505	1,630,505	-	-	1,630,505
Student services and activities		1,949,962	107,650	4,236	2,061,848	-	-	2,061,848
Supplies and instructional materials		846,110	22,099	54,332	922,541	24,022	-	946,563
Telephone and internet services		594,575	11,120	3,560	609,255	40,597	-	649,852
Occupancy		330,307	18,899	106,549	455,755	24,744	-	480,499
Other expenses		154,772	1,680	5,322	161,774	64,991	-	226,765
Interest expense - facilities loans		3,512,270	76,250	143,858	3,732,378	445,183	-	4,177,561
Depreciation		2,053,076	52,951	285,000	2,391,027	510,000	-	2,901,027
Amortization		55,001	1,473	2,779	59,253	21,451	-	80,704
<b>Total operating expenses</b>		<b>17,081,469</b>	<b>478,371</b>	<b>2,957,646</b>	<b>20,517,486</b>	<b>3,819,023</b>	<b>124,444</b>	<b>24,460,953</b>
<b>Total expenses</b>		<b>\$ 31,503,562</b>	<b>\$ 893,755</b>	<b>\$ 3,657,245</b>	<b>\$ 36,054,562</b>	<b>\$ 11,436,927</b>	<b>\$ 124,444</b>	<b>\$ 47,615,933</b>

**THE ACADEMY CHARTER SCHOOL**  
**Statements of Financial Position: The Academy – Uniondale**  
As of June 30,

	2024	2023
<b><u>Assets</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,287,084	\$ 7,807,170
Restricted cash and escrow reserves - bond principal and interest	2,610,428	1,636,910
Accounts receivable - net	3,562,112	429,857
Grants receivable - government agencies	384,563	745,470
Due from affiliate	-	52,502
Prepaid expenses	-	38,553
	8,844,187	10,710,462
<b>Property and equipment, net</b>	74,771,080	77,229,782
<b>Operating lease right-of-use assets</b>	2,227,634	2,314,836
<b>Other assets</b>		
Restricted cash and escrow reserves	5,396,081	5,899,931
Security and other deposits	29,925	29,925
Total assets	\$ 91,268,907	\$ 96,184,936
<b><u>Liabilities and Net Assets</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 1,079,962	\$ 805,605
Accrued salaries and other payroll-related expenses	2,329,842	2,415,838
Accrued interest payable	1,098,767	1,105,313
Bonds payable - current portion	1,705,473	719,235
Due to The Academy - Hempstead	2,017,798	5,445,325
Lease liabilities - operating leases - current portion	70,685	70,685
	8,302,527	10,562,001
Total current liabilities	8,302,527	10,562,001
Lease liabilities - operating leases - long-term portion	2,238,585	2,325,787
Bonds payable (long-term portion; net of unamortized deferred financing costs of \$2,778,321 in 2024 and \$2,886,979 in 2023)	83,974,126	85,570,941
	94,515,238	98,458,729
Total liabilities	94,515,238	98,458,729
<b>Net assets without donor restrictions</b>		
Undesignated	(3,355,935)	(2,378,164)
Reserve - contingency	109,604	104,371
	(3,246,331)	(2,273,793)
Total net assets without donor restrictions	(3,246,331)	(2,273,793)
Total liabilities and net assets	\$ 91,268,907	\$ 96,184,936

**THE ACADEMY CHARTER SCHOOL**  
**Statements of Activities: The Academy – Uniondale**  
For the years ended June 30,

	<u>2024</u>	<u>2023</u>
<b><u>Operating revenue and other support</u></b>		
<b>Public school districts</b>		
Regular education	\$ 34,238,820	\$ 26,686,956
Special education	342,354	370,668
	<u>34,581,174</u>	<u>27,057,624</u>
Total state and local per pupil operating revenue	<u>34,581,174</u>	<u>27,057,624</u>
<b>Grants, contracts and other support</b>		
Federal and state grants	2,820,765	2,128,458
Interest and other income	544,736	577,722
Contributions and private grants	-	68,385
	<u>37,946,675</u>	<u>29,832,189</u>
Total operating revenue and other support	<u>37,946,675</u>	<u>29,832,189</u>
<b><u>Expenses</u></b>		
<b>Program Expenses</b>		
Regular education	26,395,050	22,531,431
Food service	2,713,779	1,559,846
Special education	962,231	444,725
	<u>30,071,060</u>	<u>24,536,002</u>
Total program expenses	<u>30,071,060</u>	<u>24,536,002</u>
<b>Supporting Services</b>		
Management and general	8,748,098	6,064,847
Fundraising	100,055	-
	<u>8,848,153</u>	<u>6,064,847</u>
Total supporting services	<u>8,848,153</u>	<u>6,064,847</u>
Total program and supporting services expenses	<u>38,919,213</u>	<u>30,600,849</u>
Change in net assets	(972,538)	(768,660)
Net assets without donor restrictions - beginning of year	<u>(2,273,793)</u>	<u>(1,505,133)</u>
Net assets without donor restrictions - end of year	<u><u>\$ (3,246,331)</u></u>	<u><u>\$ (2,273,793)</u></u>

**THE ACADEMY CHARTER SCHOOL**  
**Statement of Functional Expenses: The Academy – Uniondale**  
For the year ended June 30, 2024

	Number of Positions	Program expenses			Supporting services	Fundraising	Total program and supporting services	
		Regular Education	Special Education	Food Service	Total Programs	Management & General	Fundraising	
<b>Salaries</b>								
Administrative staff personnel	12	\$ 541,915	\$ -	\$ -	\$ 541,915	\$ 3,425,519	\$ -	\$ 3,967,434
Instructional personnel	152	10,832,421	469,057	-	11,301,478	-	-	11,301,478
Noninstructional personnel	68	17,304	-	452,314	469,618	2,218,039	-	2,687,657
<b>Total salaries</b>	<b>232</b>	<b>11,391,640</b>	<b>469,057</b>	<b>452,314</b>	<b>12,313,011</b>	<b>5,643,558</b>	<b>-</b>	<b>17,956,569</b>
Payroll taxes and fringe benefits		2,044,690	87,130	90,785	2,222,605	1,065,025	-	3,287,630
Retirement benefits		184,151	7,291	7,604	199,046	89,100	-	288,146
Financial and administrative		7,800	-	-	7,800	267,078	-	274,878
Administrative		4,627	-	814	5,441	4,500	-	9,941
Marketing and recruitment		40,681	-	-	40,681	-	-	40,681
Insurance		200,458	7,936	8,277	216,671	70,789	-	287,460
Legal and professional		243,984	-	127,712	371,696	6,984	96,634	475,314
Repairs and maintenance		1,341,085	41,955	53,535	1,436,575	99,098	-	1,535,673
Equipment leasing and maintenance		419,560	13,307	26,478	459,345	124,450	-	583,795
Staff development		214,501	8,067	425	222,993	-	3,421	226,414
Food costs		-	-	1,227,553	1,227,553	-	-	1,227,553
Student services and activities		1,705,610	65,552	3,520	1,774,682	-	-	1,774,682
Supplies and instructional materials		631,467	24,664	1,332	657,463	10,568	-	668,031
Telephone and internet services		59,585	2,359	2,460	64,404	21,042	-	85,446
Occupancy		411,545	11,301	89,307	512,153	23,267	-	535,420
Other expenses		328,229	-	1,328	329,557	12,491	-	342,048
Interest expense - facilities loans		3,952,979	130,291	165,600	4,248,870	470,500	-	4,719,370
Depreciation		3,136,686	90,321	451,606	3,678,613	812,891	-	4,491,504
Amortization		75,772	3,000	3,129	81,901	26,757	-	108,658
<b>Total operating expenses</b>		<b>15,003,410</b>	<b>493,174</b>	<b>2,261,465</b>	<b>17,758,049</b>	<b>3,104,540</b>	<b>100,055</b>	<b>20,962,644</b>
<b>Total expenses</b>		<b>\$ 26,395,050</b>	<b>\$ 962,231</b>	<b>\$ 2,713,779</b>	<b>\$ 30,071,060</b>	<b>\$ 8,748,098</b>	<b>\$ 100,055</b>	<b>\$ 38,919,213</b>

**THE ACADEMY CHARTER SCHOOL**  
**Schedule of Expenditures of Federal Awards**  
For the year ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed-through to subrecipients	Total Federal Expenditures
<b>Child Nutrition Cluster:</b>				
United States Department of Agriculture Programs:				
Passed-Through New York State Education Department:				
School Breakfast Program	10.553	280201860934	\$ -	\$ 1,112,925
National School Lunch Program	10.555	280201860934	302,249	3,033,705
COVID-19 Supply Chain Assistance Fund	10.555	280201860934	-	195,515
Summer Food Service Program	10.559	280201860934	-	155,030
Fresh Fruit and Vegetable Program	10.582	280201860934	-	71,335
<i>Total United States Department of Agriculture Programs</i>			302,249	4,568,510
<b>Total Child Nutrition Cluster</b>			302,249	4,568,510
United States Department of Education Programs:				
Passed-Through New York State Education Department:				
Title I Grants to Local Education Agencies	84.010A	0021-24-4495	-	487,657
Title I Grants to Local Education Agencies	84.010A	0021-24-5465	-	289,390
Total Title I Grants to Local Education Agencies				777,047
English Language Acquisition State Grants	84.365A	0293-24-4495	-	63,426
English Language Acquisition State Grants	84.365A	0293-24-5465	-	21,628
Total English Language Acquisition State Grants				85,054
Supporting Effective Instruction State Grants	84.367A	0147-24-4495	-	77,163
Supporting Effective Instruction State Grants	84.367A	0147-24-5465	-	42,733
Total Supporting Effective Instruction State Grants				119,896
Student Support and Academic Enrichment program	84.424A	0204-24-4495	-	28,764
Student Support and Academic Enrichment program	84.424A	0204-24-5465	-	13,141
Total Student Support and Academic Enrichment program				41,905
COVID-19 - Education Stabilization Fund subprograms:				
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)				
School Emergency Relief (ARP ESSER)	84.425U	5880-21-4495	-	607,453
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-5465	-	63,295
Total COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)				670,748
Total COVID-19 - Education Stabilization Fund subprograms			-	670,748
<i>Total United States Department of Education Programs</i>			-	1,694,650
<b>Total Expenditures of Federal Awards</b>			\$ 302,249	\$ 6,263,160

**THE ACADEMY CHARTER SCHOOL**  
**Notes to the Schedule of Expenditures of Federal Awards**  
For the year ended June 30, 2024

**Note 1 Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of The Academy Charter School for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of The Academy Charter School, it is not intended to, and does not, present the financial position, changes in net position or cash flows of The Academy Charter School.

**Note 2 Summary of Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The amounts reported as expenditures in this Schedule may differ from certain financial reports submitted to federal funding agencies, due to those reports being submitted on either the cash or modified cash basis of accounting.

**Note 3 Indirect Cost Rate**

The Academy Charter School has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees of  
The Academy Charter School  
Hempstead, 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 The Academy Charter 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 Academy Charter 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 Academy Charter School’s internal control. Accordingly, we do not express an opinion on the effectiveness of The Academy Charter 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.

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 The Academy Charter 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

NCheng LLP

New York, New York  
October 31, 2024

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

To the Board of Trustees of  
The Academy Charter School  
Hempstead, New York

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

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

We have audited The Academy Charter School’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Academy Charter School’s major federal programs for the year ended June 30, 2024. The Academy Charter School’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, The Academy Charter 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 Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Academy Charter 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 The Academy Charter 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 Academy Charter School'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 The Academy Charter 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 Academy Charter 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 Academy Charter 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 Academy Charter 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 Academy Charter 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 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.

NChing LLP

New York, New York  
October 31, 2024

**THE ACADEMY CHARTER SCHOOL**  
**Schedule of Findings and Questioned Costs**  
 For the year ended June 30, 2024

**Schedule 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 that are not considered to be material weakness(es)? \_\_\_ yes  X  none reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

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
	<b>Child Nutrition Cluster:</b>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program

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

Auditee qualified as low-risk auditee?  X  yes \_\_\_ no

**THE ACADEMY CHARTER SCHOOL**  
**Schedule of Findings and Questioned Costs**  
For the year ended June 30, 2024

**Section II – Financial Statement Findings**

**2024-001 - Teacher Certification**

*Criteria:* New York State Education Department (“NYSED”) requires that teachers must be certified. However, there is a teacher certification exemption that allows charter schools to have uncertified teachers for 30% of their teaching staff, or 5 teachers, whichever is less. The charter schools can also have an additional 10 uncertified teachers provided that five of these teachers are teaching math, science, computer science, technology, or career and technical education.

*Condition:* The number of TACS’s uncertified teachers exceeds the maximum uncertified teachers allowed.

*Cause:* There has been a pronounced shortage of teachers that affects hiring in NYS and nationwide. That said, given the school’s best efforts, TACS did not hire enough certified teachers. TACS did not enforce that returning teachers remain current with their certification.

*Effect:* TACS is not compliant with NYSED regulations as noted above.

*Questioned Costs:* None.

*Repeat Finding:* Yes.

*Recommendation:* We recommend that TACS hire teachers who are New York State certified in the subject and grade level for their assignment.

*Views of Responsible Officials and Planned Corrective Actions:* See page 37

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

None

**THE ACADEMY CHARTER SCHOOL**  
**Summary Schedule of Prior Audit Findings**  
For the year ended June 30, 2024

**2023-001 - Teacher Certification**

During the course of the June 30, 2023 audit, it was noted the number of TACS's uncertified teachers exceeded the maximum uncertified teachers allowed. There has been a pronounced shortage of teachers that affects hiring in NYS and nationwide. That said, given the school's best efforts, TACS did not hire enough certified teachers. TACS did not enforce that returning teachers remain current with their certification.

New York State Education Department ("NYSED") requires that teachers must be certified. However, there is a teacher certification exemption that allows charter schools to have uncertified teachers for 30% of their teaching staff, or 5 teachers, whichever is less. The charter schools can also have an additional 10 uncertified teachers provided that five of these teachers are teaching math, science, computer science, technology, or career and technical education.

*Current status:* This matter was not resolved and was reported as the current year finding 2024-001.

## **THE ACADEMY CHARTER SCHOOL**

### **Corrective Action Plan**

For the year ended June 30, 2024

#### **2024-001 – Teacher Certification**

##### *Views of Responsible Officials and Corrective Action Plan:*

TACS recognizes that there is a shortage of certified teachers in the United States including New York State. Thus, due to the competition in filling vacant positions, the Academy has recruited some very experienced teachers internationally. This has been made possible by an agreement between the sponsoring agencies Cordell Hull Foundation for International Education, and Teachers Council Inc. whereby teachers commit to 3-5 years on a J1 visa. These recruits received an intensive six weeks preservice onboarding program before they are placed in the classrooms. Moreover, they receive ongoing daily support and coaching from a certified master lead teacher by grade (K-5), and department leads (9-12). Recognizing that our schools need to be in compliance with the New York State Education Department (NYSED) teacher certification requirements, the Academy has partnered with New York Institute of Technology (NYIT) to provide coursework to all our uncertified staff in meeting the requirement. Through this program, uncertified teachers are placed on a pathway to become certified by enrolling in the required coursework on a continuous basis until the requirement is met. TACS has also partnered with Adelphi University in offering coursework for the TESOL certification. Both programs are financed by reduced tuition rate and scholarships from the afore-mentioned universities combined with a fifty percent tuition stipend provided to each enrolled staff.