

# **Success Academy Charter Schools - NYC**

**Audit of Financial Statements,  
Supplementary Information,  
and Supplemental Schedule  
of Expenditures of Federal Awards  
Year Ended June 30, 2022**

## **Success Academy Charter Schools - NYC**

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Audit of Financial Statements, Supplementary Information,  
and Supplemental Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

# 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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SACS-NYC as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 SACS-NYC's ability to continue as a going concern within one year after the date that the financial statements are issued or 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.

### ***Report on Summarized Comparative Information***

We have previously audited the financial statements of SACS-NYC as of and for the year ended June 30, 2021, and our report, dated October 29, 2021, 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, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.



## ***Other Matters***

### ***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, 2022 are presented for purposes of additional analysis and are 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. The accompanying supplementary 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. Such 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 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 4, 2022 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, 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.

BDO USA, LLP

October 4, 2022

# Success Academy Charter Schools - NYC

## Statement of Financial Position (with comparative totals for 2021)

<i>June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	\$ 45,232,596	\$ 49,249,879
Grants and contracts receivables, net (Notes 2 and 4)	21,496,507	16,733,785
Prepaid expenses and other assets	8,582,343	5,983,930
Inventory (Note 2)	7,325,685	-
<b>Total Current Assets</b>	<b>82,637,131</b>	<b>71,967,594</b>
<b>Fixed Assets, Net (Notes 2 and 5)</b>	<b>29,770,184</b>	<b>36,236,373</b>
<b>Cash Funds, designated for community reinvestment (Note 2)</b>	<b>100,000,000</b>	<b>45,000,000</b>
<b>Total Assets</b>	<b>\$ 212,407,315</b>	<b>\$ 153,203,967</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 8,305,220	\$ 2,422,187
Accrued payroll and payroll taxes	14,131,618	11,014,031
Due to affiliate, net (Note 6)	4,394,620	2,981,313
Current portion loans payable to affiliated organization (Note 6)	-	3,500,000
Current portion capital lease payable (Note 7)	7,135,844	5,119,884
<b>Total Current Liabilities</b>	<b>33,967,302</b>	<b>25,037,415</b>
<b>Capital Lease Payable, less current portion (Note 7)</b>	<b>4,563,111</b>	<b>5,255,228</b>
<b>Deferred Rent (Note 10)</b>	<b>-</b>	<b>1,670,519</b>
<b>Total Liabilities</b>	<b>38,530,413</b>	<b>31,963,162</b>
<b>Commitments and Contingencies (Notes 2, 3, 6, 7, 9, 10, and 11)</b>		
<b>Net Assets (Note 2)</b>		
Without donor restrictions:		
Undesignated	73,876,902	76,240,805
Board-designated cash funds for community reinvestment	100,000,000	45,000,000
<b>Total Without Donor Restrictions</b>	<b>173,876,902</b>	<b>121,240,805</b>
<b>Total Net Assets</b>	<b>173,876,902</b>	<b>121,240,805</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 212,407,315</b>	<b>\$ 153,203,967</b>

*See accompanying notes to financial statements.*

# Success Academy Charter Schools - NYC

## Statement of Activities (with comparative totals for 2021)

*Year ended June 30,*

	Without Donor Restrictions	Total	
		2022	2021
<b>Revenue, Support, and Gains (Losses), Net (Note 2)</b>			
State per-pupil operating revenue	\$ 364,068,038	\$ 364,068,038	\$ 365,240,140
Government grants	35,044,682	35,044,682	25,606,575
Interest and other income	110,134	110,134	177,057
Loss on asset impairment (Note 2)	(4,324,303)	(4,324,303)	(3,027,551)
<b>Total Revenue, Support, and Gains (Losses), Net</b>	<b>394,898,551</b>	<b>394,898,551</b>	<b>387,996,221</b>
<b>Expenses</b>			
Program services:			
General education	221,008,619	221,008,619	220,116,229
Special education	86,705,909	86,705,909	69,576,171
<b>Total Program Services</b>	<b>307,714,528</b>	<b>307,714,528</b>	<b>289,692,400</b>
Supporting services:			
General and administrative	34,547,926	34,547,926	32,957,410
<b>Total Expenses</b>	<b>342,262,454</b>	<b>342,262,454</b>	<b>322,649,810</b>
<b>Change in Net Assets</b>	<b>52,636,097</b>	<b>52,636,097</b>	<b>65,346,411</b>
<b>Net Assets, beginning of year</b>	<b>121,240,805</b>	<b>121,240,805</b>	<b>55,894,394</b>
<b>Net Assets, end of year</b>	<b>\$ 173,876,902</b>	<b>\$ 173,876,902</b>	<b>\$ 121,240,805</b>

*See accompanying notes to financial statements.*



# Success Academy Charter Schools - NYC

## Statement of Functional Expenses (with comparative totals for 2021)

Year ended June 30,

		Program Services			Supporting Services	Total	
	FTEs	General Education	Special Education	Total Program Services	General and Administrative	2022	2021
<b>Salaries and Staff</b>							
Administrative staff personnel	412	\$ 24,129,471	\$ 9,466,453	\$ 33,595,924	\$ 2,921,385	\$ 36,517,309	\$ 36,018,215
Instructional personnel	1,926	81,795,226	32,089,832	113,885,058	9,903,048	123,788,106	126,100,921
<b>Total Salaries and Staff</b>		105,924,697	41,556,285	147,480,982	12,824,433	160,305,415	162,119,136
Payroll taxes and benefits		21,286,351	8,351,042	29,637,393	2,577,165	32,214,558	35,058,002
Professional development		1,652,312	648,230	2,300,542	-	2,300,542	1,593,185
Legal fees		-	-	-	121,444	121,444	760,017
Audit and accounting fees		-	-	-	240,363	240,363	72,793
Professional and consulting fees		422,094	165,596	587,690	51,103	638,793	2,993,489
Transportation		778,371	305,370	1,083,741	94,239	1,177,980	20,389
Scholar food service		959,373	376,381	1,335,754	-	1,335,754	8,343
Instructional supplies and textbooks		6,208,784	2,435,825	8,644,609	-	8,644,609	5,766,590
Management fee		36,692,762	14,395,273	51,088,035	12,772,009	63,860,044	54,642,885
Interest expense		497,687	195,252	692,939	60,255	753,194	486,956
Office expense		3,204,531	1,257,199	4,461,730	387,977	4,849,707	2,298,907
Equipment lease		1,773,125	695,632	2,468,757	214,674	2,683,431	2,920,278
Telecommunications and internet		2,655,860	1,041,945	3,697,805	321,548	4,019,353	3,942,076
Insurance		1,471,090	577,137	2,048,227	178,106	2,226,333	2,051,777
Information technology		9,035,487	3,544,794	12,580,281	1,093,938	13,674,219	13,591,029
Marketing/Recruitment		4,097,898	1,607,684	5,705,582	-	5,705,582	3,328,049
Student Services		4,155,186	1,630,159	5,785,345	20,704	5,806,049	2,294,451
Facility		6,289,953	2,467,669	8,757,622	761,532	9,519,154	6,648,551
Depreciation		12,865,589	5,047,417	17,913,006	1,557,653	19,470,659	18,756,749
Bad debt expense		-	-	-	1,145,176	1,145,176	930,421
Miscellaneous		1,037,469	407,019	1,444,488	125,607	1,570,095	2,365,737
<b>Total Expenses</b>		\$ 221,008,619	\$ 86,705,909	\$ 307,714,528	\$ 34,547,926	\$ 342,262,454	\$ 322,649,810

See accompanying notes to financial statements.

# Success Academy Charter Schools - NYC

## Statement of Cash Flows (with comparative totals for 2021)

<i>Year ended June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 52,636,097	\$ 65,346,411
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,470,659	18,756,749
Bad debt expense, net	745,150	930,421
Loss on asset impairment	4,324,303	3,027,551
(Increase) decrease in assets:		
Grants and contracts receivables	(5,507,872)	(6,933,242)
Prepaid expenses and other assets	(2,598,413)	(4,400,379)
Inventory	(7,325,685)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	5,883,033	(5,008,436)
Accrued payroll and payroll taxes	3,117,587	6,051,132
Due to affiliate	1,413,307	(2,340,200)
Deferred rent	(1,670,519)	(1,443,977)
<b>Net Cash Provided by Operating Activities</b>	<b>70,487,647</b>	<b>73,986,030</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of fixed assets	(7,875,053)	(8,196,946)
<b>Net Cash Used in Investing Activities</b>	<b>(7,875,053)</b>	<b>(8,196,946)</b>
<b>Cash Flows from Financing Activities</b>		
Repayment from loans payable	(3,500,000)	(129,663)
Repayment of capital leases	(8,129,877)	(4,818,135)
<b>Net Cash Used in Financing Activities</b>	<b>(11,629,877)</b>	<b>(4,947,798)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>50,982,717</b>	<b>60,841,286</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>94,249,879</b>	<b>33,408,593</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 145,232,596</b>	<b>\$ 94,249,879</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Noncash transaction related to capital leases	\$ 9,453,720	\$ 7,943,287
Cash paid during the year for interest	757,242	451,956
<b>Supplemental Schedule of Cash</b>		
Cash and cash equivalents	\$ 45,232,596	\$ 49,249,879
Cash funds - designated for community reinvestment	100,000,000	45,000,000
<b>Total Cash and Cash Equivalents</b>	<b>\$ 145,232,596</b>	<b>\$ 94,249,879</b>

*See accompanying notes to financial statements.*

# Success Academy Charter Schools - NYC

## Notes to Financial Statements

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

SACS-NYC provided education to 19,602 full-time equivalent (FTE) in grades kindergarten through high school during the 2021-2022 academic year.

# Success Academy Charter Schools - NYC

## Notes to Financial Statements

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### 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 (U.S. 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.

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 should be reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

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 is 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, 2022, the SACS-NYC had no assets with donor 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 that would be associated with a dissolution should it occur. As of June 30, 2022, the escrow account amounted to \$353,169. In fiscal year 2021, SACS-NYC has set aside cash as board-designated net assets for long-term community reinvestment and are shown as non-current assets in the statement

# Success Academy Charter Schools - NYC

## Notes to Financial Statements

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of financial position. At June 30, 2022, Board-designated cash funds for community reinvestment was \$100,000,000.

### ***Receivables***

Receivables are recorded at their net realizable values, based upon an estimated allowance for doubtful accounts. All of SACS-NYC's grant, contract, and other receivables are expected to be collected within one year.

### ***Provision for Doubtful Accounts***

SACS-NYC maintains an allowance for doubtful accounts 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, 2022, management determined to reserve an amount of \$1,675,571 to cover any potential risk around collectability.

### ***Inventory***

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

### ***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)
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, 2022, management concluded that technology equipment, leasehold improvements, furniture, and academic equipment with a net book value of \$4,324,303 are impaired and therefore have been written off.

# Success Academy Charter Schools - NYC

## Notes to Financial Statements

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### *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 1<sup>st</sup> and July 31<sup>st</sup>, 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 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.

# Success Academy Charter Schools - NYC

## Notes to Financial Statements

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### *Government Grants*

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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (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 does not recognize contract assets, as the right to receive consideration is unconditional in accordance with the passage of time criteria. 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 (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:

*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 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 method.

### *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



# Success Academy Charter Schools - NYC

## Notes to Financial Statements

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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, 2022.

Under U.S. 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, 2022, SACS-NYC was not subject to any examination by a taxing authority.

### ***Use of Estimates***

The preparation of the financial statements in conformity with U.S. 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***

SACS-NYC maintains cash and cash equivalent balances in bank deposit accounts, which may exceed federally insured limits. SACS-NYC has not experienced any losses in such accounts and does not believe that it is exposed to any significant credit risk on its cash and cash equivalent accounts.

### ***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 U.S. GAAP. Accordingly, such information should be read in conjunction with the SACS-NYC’s financial statements for the year ended June 30, 2021, from which the summarized information was derived.

### ***Recently Adopted Accounting Pronouncements***

#### ***Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets***

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item on the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is effective for financial statements issued for fiscal years beginning after June 15, 2021. SACS-NYC adopted this ASU as of July 1, 2021. The adoption of this ASU did not have a material impact on the financial statements.

# Success Academy Charter Schools - NYC

## Notes to Financial Statements

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### *Recent Accounting Pronouncements Issued but Not Yet Adopted*

#### *Leases*

On February 25, 2016, the FASB issued ASU 2016-02, *Leases*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The FASB also issued ASU 2020-05, which deferred the effective date for SACS-NYC until annual periods beginning after December 15, 2021. SACS-NYC is currently evaluating the impact of the adoption of ASU 2016-02.

#### *Financial Instruments - Credit Losses*

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans and certain other instruments, entities will be required to use new forward looking "expected loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 31, 2022. Management is currently evaluating the impact of this ASU on its financial Statements.

### **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:

#### *June 30, 2022*

Cash and cash equivalents	\$ 45,232,596
Grants and contracts receivables, net	21,496,507
	66,729,103
Less: amounts unavailable for general expenditures within one year due to:	
Cash escrow (Note 2)	(353,169)
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b>\$ 66,375,934</b>

#### *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.

# Success Academy Charter Schools - NYC

## Notes to Financial Statements

### 4. Grants and Contracts Receivable, Net

The net present value of grants and contracts receivable is \$21,496,507 as of June 30, 2022, and SACS-NYC expects collection within the next 12 months.

### 5. Fixed Assets, Net

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

*June 30, 2022*

Renovations and improvements	\$ 58,971,362
Equipment	13,863,473
Fixed assets not placed in service	2,589,015
<b>Fixed Assets</b>	<b>75,423,850</b>
Less: accumulated depreciation	(45,653,666)
<b>Fixed Assets, Net</b>	<b>\$ 29,770,184</b>

For the year ended June 30, 2022, depreciation expense was \$19,470,659.

### 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 full-time equivalent enrollment of students in SACS-NYC multiplied by the "per-pupil fee." The per-pupil fee shall be equal to \$3,275 per full time equivalent (FTE) student in the 2021-22 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.

For the year ended June 30, 2022, SACS-NYC incurred \$63,860,044 in management fees with a balance due to the Network for \$4,394,620. This balance represents expenses paid by the Network on behalf of SACS-NYC.

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

*June 30, 2022*

Employee benefits	\$ 942,185
School purchases	3,713,105
Medical insurance	(260,670)
	<b>\$ 4,394,620</b>

# Success Academy Charter Schools - NYC

## Notes to Financial Statements

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### ***Loans Payable to Affiliated Organization***

At various dates from July 2012 through June 2015, SACS-NYC entered into borrowing arrangements with the Network totaling \$8,500,000 with annual interest equal to prevailing interest rate available to the Network as of the date of each advance, which was 1%. The loans and any accrued unpaid interest are due in full within various dates of the borrowing arrangements. The loans may be prepaid by SACS-NYC at any time, in whole or in part, without penalty. The proceeds were used to finance SACS-NYC's operations. Additionally, SACS-NYC agreed to meet certain milestones within a specific time schedule with the intent that certain of the amounts due under this loan be forgiven. During the year ended June 30, 2022, SACS-NYC paid back the remaining \$3,500,000 that was outstanding at June 30, 2021. No further amounts were due at June 30, 2022.

### ***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 \$4,935,886 for purposes of issuing letters of credit. At June 30, 2022, 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 January 1, 2023.

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

## **7. Capital Lease Payable**

SACS-NYC leases equipment under multiple capital leases that expire on various dates through May 2024. The leases are secured by the equipment and require monthly payments of principal and interest, with rates ranging from 4.46% to 6.18% per annum.

The following is a schedule of future minimum lease payments, including interest under the terms of the lease, together with the present value of the net minimum lease payments, as of June 30, 2022.

### ***Year ending June 30,***

2023	\$	7,527,174
2024		4,673,730
<b>Total Minimum Lease Payments</b>		<b>12,200,904</b>
<b>Less: amount representing interest</b>		<b>(501,949)</b>
<b>Present Value of Net Minimum Lease Payments</b>		<b>11,698,955</b>
<b>Less: current portion</b>		<b>(7,135,844)</b>
<b>Long-Term</b>	<b>\$</b>	<b>4,563,111</b>

# Success Academy Charter Schools - NYC

## Notes to Financial Statements

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### 8. Revenue Concentrations

SACS-NYC receives substantially all of its support and revenue from the New York City Department of Education. If the funding from the Department of Education were to be reduced or eliminated, SACS-NYC's finances could be materially adversely affected.

### 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 the School 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 forty-five SACS-NYC schools is approximately twenty thousand 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

#### *Commitments*

On November 2, 2017, SACS-NYC entered into an operating sub-lease agreement with a related party to sub-lease the community facility unit at 555 10<sup>th</sup> Avenue. On July 1, 2022, the parties extended the operating sub-lease agreement, expiring on June 30, 2027. On June 2, 2022, SACS-NYC entered into an operating sub-lease agreement with a related party to sub-lease the school buildings located at 604 and 606 East 139<sup>th</sup> Street, Bronx, New York. The lease commenced on February 22, 2022 and it expires on June 30, 2027. SACS-NYC leases equipment under multiple operating leases that expire on various dates through August 2024.

Future minimum lease payments for operating lease agreements are as follows:

#### *Year ending June 30,*

2023	\$	10,095,569
2024		10,242,617
2025		10,586,319
2026		11,004,372
2027		11,444,547
	\$	53,373,424

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# Success Academy Charter Schools - NYC

## Notes to Financial Statements

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The aggregate rental expense is recognized on a straight-line basis over the lease term. The difference between the expenses charged to operations in any year and the amount payable under the lease during the year is recorded as deferred rent on the SACS-NYC's statement of financial position, which will reverse over the lease terms. Deferred rent payable amounted to \$0 as of June 30, 2022.

Rent expense under the occupancy operating leases for the year ended June 30, 2022 amounted to \$4,451,827 included in total facility expense in the statement of functional expenses.

### ***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 on-going 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, 2022, there are no matters for which SACS-NYC believes the ultimate outcome would have a material adverse effect on SACS-NYC's financial position.

### **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 \$3,732,084 for the year ended June 30, 2022.

### **12. Subsequent Events**

The SACS-NYC's management has performed subsequent event procedures through October 4, 2022, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

## Supplementary Information

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Success Academy Charter Schools - NYC

Detailed Schedule of Activities by School  
(with comparative schedule for 2021)

Year ended June 30, 2022

	Ed Corp	Harlem 1	Harlem 2	Harlem 3	Harlem 4	Harlem 5	Harlem 6	Bed Stuy 1	Bed Stuy 2	Cobble Hill	Williamsburg	Crown Heights
Revenue, Support, and Gains (Losses), Net												
State per-pupil operating revenue	\$ -	\$ 8,464,731	\$ 7,859,011	\$ 5,802,500	\$ 5,371,656	\$ 7,242,791	\$ 5,886,710	\$ 5,722,205	\$ 4,943,155	\$ 6,934,117	\$ 7,201,996	\$ 7,476,934
Government grants	202,600	708,574	1,031,578	567,513	697,532	600,556	939,609	515,866	568,057	508,846	587,404	666,520
Interest and other income	73,059	827	844	608	708	670	686	640	632	766	667	783
Loss on asset impairment	(13,019)	(46,792)	(43,935)	(149,644)	(37,164)	(31,740)	(35,667)	(89,126)	(28,855)	(37,043)	(32,797)	(41,392)
Total Revenue, Support, and Gains (Losses), Net	262,640	9,127,340	8,847,498	6,220,977	6,032,732	7,812,277	6,791,338	6,149,585	5,482,989	7,406,686	7,757,270	8,102,845
Expenses												
Program services:												
General education	1,064,164	4,624,191	4,915,412	3,593,479	3,897,254	4,155,002	4,157,793	3,818,418	3,549,220	4,421,575	3,977,196	4,593,281
Special education	417,492	1,814,158	1,928,410	1,409,791	1,528,967	1,630,087	1,631,182	1,498,039	1,392,427	1,734,668	1,560,330	1,802,032
Total Program Services	1,481,656	6,438,349	6,843,822	5,003,270	5,426,221	5,785,089	5,788,975	5,316,457	4,941,647	6,156,243	5,537,526	6,395,313
Supporting services:												
General and administrative	(1,002,913)	797,207	754,534	577,217	601,224	708,752	634,775	594,761	531,614	686,851	639,435	719,421
Total Expenses	478,743	7,235,556	7,598,356	5,580,487	6,027,445	6,493,841	6,423,750	5,911,218	5,473,261	6,843,094	6,176,961	7,114,734
Change in Net Assets	(216,103)	1,891,784	1,249,142	640,490	5,287	1,318,436	367,588	238,367	9,728	563,592	1,580,309	988,111
Net Assets (Deficit), beginning of year	(30,397,326)	12,064,240	12,316,016	8,120,603	7,413,013	8,309,286	1,723,539	638,391	(702,051)	700,661	4,181,753	6,271,162
Net Assets (Deficit), end of year	\$ (30,613,429)	\$ 13,956,024	\$ 13,565,158	\$ 8,761,093	\$ 7,418,300	\$ 9,627,722	\$ 2,091,127	\$ 876,758	\$ (692,323)	\$ 1,264,253	\$ 5,762,062	\$ 7,259,273

See accompanying notes to financial statements.



## Success Academy Charter Schools - NYC

### Detailed Schedule of Activities by School (Continued) (with comparative schedule for 2021)

*Year ended June 30, 2022*

	Fort Greene	Prospect Heights	Bensonhurst	Bergen Beach	Bushwick	Flatbush	Upper West	Hell's Kitchen	Union Square	Washington Heights	Hudson Yards	Rosedale	Springfield Gardens
<b>Revenue, Support, and Gains (Losses), Net</b>													
State per-pupil operating revenue	\$ 3,339,580	\$ 5,815,017	\$ 10,685,356	\$ 9,641,848	\$ 8,006,255	\$ 10,262,341	\$ 6,886,999	\$ 7,387,700	\$ 9,803,322	\$ 8,928,344	\$ 6,671,633	\$ 11,696,834	\$ 8,570,809
Government grants	426,384	527,046	686,486	769,859	701,175	773,925	263,448	534,069	271,115	808,035	2,074,243	172,450	198,906
Interest and other income	491	692	963	864	658	875	740	706	841	860	772	934	811
Loss on asset impairment	(25,977)	(34,923)	(67,982)	(45,383)	(36,722)	(66,415)	(66,429)	(59,046)	(73,033)	(363,788)	(153,234)	(93,821)	(59,316)
<b>Total Revenue, Support, and Gains (Losses), Net</b>	<b>3,740,478</b>	<b>6,307,832</b>	<b>11,304,823</b>	<b>10,367,188</b>	<b>8,671,366</b>	<b>10,970,726</b>	<b>7,084,758</b>	<b>7,863,429</b>	<b>10,002,245</b>	<b>9,373,451</b>	<b>8,593,414</b>	<b>11,776,397</b>	<b>8,711,210</b>
<b>Expenses</b>													
Program services:													
General education	2,961,789	3,769,469	5,585,001	5,175,185	4,090,714	5,140,544	4,151,771	4,202,020	4,968,800	5,542,349	5,888,645	5,506,523	4,728,108
Special education	1,161,967	1,478,835	2,191,103	2,030,324	1,604,865	2,016,734	1,628,819	1,648,533	1,949,355	2,174,369	2,310,228	2,160,314	1,854,927
<b>Total Program Services</b>	<b>4,123,756</b>	<b>5,248,304</b>	<b>7,776,104</b>	<b>7,205,509</b>	<b>5,695,579</b>	<b>7,157,278</b>	<b>5,780,590</b>	<b>5,850,553</b>	<b>6,918,155</b>	<b>7,716,718</b>	<b>8,198,873</b>	<b>7,666,837</b>	<b>6,583,035</b>
Supporting services:													
General and administrative	420,108	584,437	929,123	858,527	671,934	857,972	770,747	732,046	932,564	939,155	871,299	1,086,787	823,310
<b>Total Expenses</b>	<b>4,543,864</b>	<b>5,832,741</b>	<b>8,705,227</b>	<b>8,064,036</b>	<b>6,367,513</b>	<b>8,015,250</b>	<b>6,551,337</b>	<b>6,582,599</b>	<b>7,850,719</b>	<b>8,655,873</b>	<b>9,070,172</b>	<b>8,753,624</b>	<b>7,406,345</b>
<b>Change in Net Assets</b>	<b>(803,386)</b>	<b>475,091</b>	<b>2,599,596</b>	<b>2,303,152</b>	<b>2,303,853</b>	<b>2,955,476</b>	<b>533,421</b>	<b>1,280,830</b>	<b>2,151,526</b>	<b>717,578</b>	<b>(476,758)</b>	<b>3,022,773</b>	<b>1,304,865</b>
<b>Net Assets (Deficit), beginning of year</b>	<b>(3,130,727)</b>	<b>3,656,856</b>	<b>10,935,585</b>	<b>7,456,370</b>	<b>6,132,439</b>	<b>3,423,754</b>	<b>7,996,288</b>	<b>6,607,904</b>	<b>5,656,320</b>	<b>7,451,661</b>	<b>(452,956)</b>	<b>9,913,770</b>	<b>9,236,888</b>
<b>Net Assets (Deficit), end of year</b>	<b>\$ (3,934,113)</b>	<b>\$ 4,131,947</b>	<b>\$ 13,535,181</b>	<b>\$ 9,759,522</b>	<b>\$ 8,436,292</b>	<b>\$ 6,379,230</b>	<b>\$ 8,529,709</b>	<b>\$ 7,888,734</b>	<b>\$ 7,807,846</b>	<b>\$ 8,169,239</b>	<b>\$ (929,714)</b>	<b>\$ 12,936,543</b>	<b>\$ 10,541,753</b>

*See accompanying notes to financial statements.*

## Success Academy Charter Schools - NYC

### Detailed Schedule of Activities by School (Continued) (with comparative schedule for 2021)

Year ended June 30, 2022

	Far Rockaway	South Jamaica	Bronx 1	Bronx 2	Bronx 3	Bronx 4	MS Harlem West	MS Harlem North Central	MS Harlem East	MS Bed Stuy 1	MS Myrtle	MS Ditmas Park
<b>Revenue, Support, and Gains (Losses), Net</b>												
State per-pupil operating revenue	\$ 8,729,599	\$ 8,640,879	\$ 8,967,171	\$ 11,133,553	\$ 10,882,359	\$ 10,712,926	\$ 6,697,920	\$ 8,810,386	\$ 9,476,428	\$ 7,491,387	\$ 4,040,762	\$ 8,230,911
Government grants	586,664	228,074	1,642,470	1,161,860	1,982,135	1,136,772	570,712	720,226	930,876	676,017	402,333	698,453
Interest and other income	862	1,269	847	839	882	884	851	823	988	772	584	889
Loss on asset impairment	(76,842)	(70,495)	(82,545)	(87,534)	(69,011)	(67,541)	(83,225)	(94,993)	(121,956)	(99,540)	(62,127)	(114,885)
<b>Total Revenue, Support, and Gains (Losses), Net</b>	<b>9,240,283</b>	<b>8,799,727</b>	<b>10,527,943</b>	<b>12,208,718</b>	<b>12,796,365</b>	<b>11,783,041</b>	<b>7,186,258</b>	<b>9,436,442</b>	<b>10,286,336</b>	<b>8,068,636</b>	<b>4,381,552</b>	<b>8,815,368</b>
<b>Expenses</b>												
Program services:												
General education	4,744,064	4,175,895	4,963,710	5,244,989	5,490,269	5,369,529	4,574,990	5,485,403	6,088,867	4,943,389	3,575,718	5,492,792
Special education	1,861,187	1,638,284	1,947,358	2,057,710	2,153,937	2,106,569	1,794,856	2,152,029	2,388,779	1,939,386	1,402,822	2,154,928
<b>Total Program Services</b>	<b>6,605,251</b>	<b>5,814,179</b>	<b>6,911,068</b>	<b>7,302,699</b>	<b>7,644,206</b>	<b>7,476,098</b>	<b>6,369,846</b>	<b>7,637,432</b>	<b>8,477,646</b>	<b>6,882,775</b>	<b>4,978,540</b>	<b>7,647,720</b>
Supporting services:												
General and administrative	788,935	743,062	901,517	859,182	894,658	913,973	654,553	963,614	917,480	723,702	499,172	818,558
<b>Total Expenses</b>	<b>7,394,186</b>	<b>6,557,241</b>	<b>7,812,585</b>	<b>8,161,881</b>	<b>8,538,864</b>	<b>8,390,071</b>	<b>7,024,399</b>	<b>8,601,046</b>	<b>9,395,126</b>	<b>7,606,477</b>	<b>5,477,712</b>	<b>8,466,278</b>
<b>Change in Net Assets</b>	<b>1,846,097</b>	<b>2,242,486</b>	<b>2,715,358</b>	<b>4,046,837</b>	<b>4,257,501</b>	<b>3,392,970</b>	<b>161,859</b>	<b>835,396</b>	<b>891,210</b>	<b>462,159</b>	<b>(1,096,160)</b>	<b>349,090</b>
<b>Net Assets (Deficit), beginning of year</b>	<b>6,666,797</b>	<b>3,277,490</b>	<b>10,876,600</b>	<b>15,840,001</b>	<b>9,088,786</b>	<b>11,212,586</b>	<b>(2,797,874)</b>	<b>(4,490,286)</b>	<b>(30,259)</b>	<b>(2,863,869)</b>	<b>(5,602,066)</b>	<b>(1,226,431)</b>
<b>Net Assets (Deficit), end of year</b>	<b>\$ 8,512,894</b>	<b>\$ 5,519,976</b>	<b>\$ 13,591,958</b>	<b>\$ 19,886,838</b>	<b>\$ 13,346,287</b>	<b>\$ 14,605,556</b>	<b>\$ (2,636,015)</b>	<b>\$ (3,654,890)</b>	<b>\$ 860,951</b>	<b>\$ (2,401,710)</b>	<b>\$ (6,698,226)</b>	<b>\$ (877,341)</b>

See accompanying notes to financial statements.

## Success Academy Charter Schools - NYC

### Detailed Schedule of Activities by School (Continued) (with comparative schedule for 2021)

Year ended June 30, 2022

	MS East Flatbush	MS LaFayette	MS Midtown West	MS Hudson Yards	MS Springfield Gardens	MS Bronx 2	MS Bronx	MS Ozone Park	MS Far Rockaway	HS Liberal Arts	HS Liberal Arts Harlem	Success Academy Charter Schools- NYC
<b>Revenue, Support, and Gains (Losses), Net</b>												
State per-pupil operating revenue	\$ 8,197,849	\$ 3,935,308	\$ 10,065,151	\$ 8,574,957	\$ 7,569,826	\$ 9,105,050	\$ 10,284,843	\$ 4,446,300	\$ 2,434,504	\$ 12,846,381	\$ 2,191,744	\$364,068,038
Government grants	729,616	328,854	337,732	2,459,742	234,286	930,108	1,278,579	147,773	354,000	1,136,025	569,579	35,044,682
Interest and other income	726	588	965	883	896	827	1,015	525	361	1,362	399	110,134
Loss on asset impairment	(101,455)	(83,771)	(114,436)	(89,709)	(139,438)	(89,845)	(106,974)	(103,179)	(39,261)	(595,456)	(96,842)	(4,324,303)
<b>Total Revenue, Support, and Gains (Losses), Net</b>	<b>8,826,736</b>	<b>4,180,979</b>	<b>10,289,412</b>	<b>10,945,873</b>	<b>7,665,570</b>	<b>9,946,140</b>	<b>11,457,463</b>	<b>4,491,419</b>	<b>2,749,604</b>	<b>13,388,312</b>	<b>2,664,880</b>	<b>394,898,551</b>
<b>Expenses</b>												
Program services:												
General education	4,993,957	3,118,510	5,663,476	6,033,095	4,866,299	4,789,967	6,079,520	2,994,313	1,835,686	9,196,256	2,810,022	221,008,619
Special education	1,959,225	1,223,451	2,221,890	2,366,898	1,909,142	1,879,196	2,385,112	1,174,726	720,175	3,607,868	1,102,425	86,705,909
<b>Total Program Services</b>	<b>6,953,182</b>	<b>4,341,961</b>	<b>7,885,366</b>	<b>8,399,993</b>	<b>6,775,441</b>	<b>6,669,163</b>	<b>8,464,632</b>	<b>4,169,039</b>	<b>2,555,861</b>	<b>12,804,124</b>	<b>3,912,447</b>	<b>307,714,528</b>
Supporting services:												
General and administrative	773,142	462,691	950,169	935,034	818,706	732,666	918,327	477,962	282,540	1,349,971	447,425	34,547,926
<b>Total Expenses</b>	<b>7,726,324</b>	<b>4,804,652</b>	<b>8,835,535</b>	<b>9,335,027</b>	<b>7,594,147</b>	<b>7,401,829</b>	<b>9,382,959</b>	<b>4,647,001</b>	<b>2,838,401</b>	<b>14,154,095</b>	<b>4,359,872</b>	<b>342,262,454</b>
<b>Change in Net Assets</b>	<b>1,100,412</b>	<b>(623,673)</b>	<b>1,453,877</b>	<b>1,610,846</b>	<b>71,423</b>	<b>2,544,311</b>	<b>2,074,504</b>	<b>(155,582)</b>	<b>(88,797)</b>	<b>(765,783)</b>	<b>(1,694,992)</b>	<b>52,636,097</b>
<b>Net Assets (Deficit), beginning of year</b>	<b>(1,405,034)</b>	<b>(1,867,354)</b>	<b>(1,266,036)</b>	<b>(510,235)</b>	<b>755,076</b>	<b>(1,147,905)</b>	<b>(1,702,842)</b>	<b>(275,891)</b>	<b>(338,051)</b>	<b>(16,475,837)</b>	<b>-</b>	<b>121,240,805</b>
<b>Net Assets (Deficit), end of year</b>	<b>\$ (304,622)</b>	<b>\$ (2,491,027)</b>	<b>\$ 187,841</b>	<b>\$ 1,100,611</b>	<b>\$ 826,499</b>	<b>\$ 1,396,406</b>	<b>\$ 371,662</b>	<b>\$ (431,473)</b>	<b>\$ (426,848)</b>	<b>\$ (17,241,620)</b>	<b>\$ (1,694,992)</b>	<b>\$173,876,902</b>

\* MS Harlem North West was closed and rolled into Ed Corp.

See accompanying notes to financial statements.

Success Academy Charter Schools - NYC

Detailed Schedule of Activities by School

Year ended June 30, 2021

	Ed Corp	Harlem 1	Harlem 2	Harlem 3	Harlem 4	Harlem 5	Harlem 6	Bed Stuy 1	Bed Stuy 2	Cobble Hill	Williamsburg	Crown Heights
<b>Revenue, Support, and Gains, Net</b>												
State per-pupil operating revenue	\$ 689,203	\$ 9,489,743	\$ 8,855,124	\$ 6,861,382	\$ 6,892,290	\$ 7,625,705	\$ 6,600,492	\$ 6,711,261	\$ 5,142,179	\$ 7,750,274	\$ 7,422,082	\$ 7,836,014
Government grants	33,239	570,883	565,766	389,107	441,116	488,174	627,227	380,623	306,358	344,576	396,620	410,420
Interest and other income	148,754	883	579	509	523	602	558	492	388	508	487	600
Loss on asset impairment	-	(100,817)	(97,845)	(74,761)	(75,195)	(85,529)	(66,474)	(73,483)	(59,299)	(86,038)	(81,233)	(88,092)
<b>Total Revenue, Support, and Gains, Net</b>	<b>871,196</b>	<b>9,960,692</b>	<b>9,323,624</b>	<b>7,176,237</b>	<b>7,258,734</b>	<b>8,028,952</b>	<b>7,161,803</b>	<b>7,018,893</b>	<b>5,389,626</b>	<b>8,009,320</b>	<b>7,737,956</b>	<b>8,158,942</b>
<b>Expenses</b>												
Program services:												
General education	142,113	5,430,235	4,947,354	3,803,267	4,277,238	4,486,381	4,284,195	4,289,688	3,664,820	4,761,939	4,444,604	4,566,781
Special education	44,920	1,716,434	1,563,801	1,202,168	1,351,985	1,418,093	1,354,184	1,355,920	1,158,407	1,505,193	1,404,888	1,443,506
<b>Total Program Services</b>	<b>187,033</b>	<b>7,146,669</b>	<b>6,511,155</b>	<b>5,005,435</b>	<b>5,629,223</b>	<b>5,904,474</b>	<b>5,638,379</b>	<b>5,645,608</b>	<b>4,823,227</b>	<b>6,267,132</b>	<b>5,849,492</b>	<b>6,010,287</b>
Supporting services:												
General and administrative	13,310	823,421	756,697	584,048	660,658	677,045	652,638	634,985	536,888	726,117	669,623	714,034
<b>Total Expenses</b>	<b>200,343</b>	<b>7,970,090</b>	<b>7,267,852</b>	<b>5,589,483</b>	<b>6,289,881</b>	<b>6,581,519</b>	<b>6,291,017</b>	<b>6,280,593</b>	<b>5,360,115</b>	<b>6,993,249</b>	<b>6,519,115</b>	<b>6,724,321</b>
<b>Change in Net Assets</b>	<b>670,853</b>	<b>1,990,602</b>	<b>2,055,772</b>	<b>1,586,754</b>	<b>968,853</b>	<b>1,447,433</b>	<b>870,786</b>	<b>738,300</b>	<b>29,511</b>	<b>1,016,071</b>	<b>1,218,841</b>	<b>1,434,621</b>
<b>Net Assets (Deficit), beginning of year</b>	<b>(22,366,664)</b>	<b>10,073,638</b>	<b>10,260,244</b>	<b>6,533,849</b>	<b>6,444,160</b>	<b>6,861,853</b>	<b>852,753</b>	<b>(99,909)</b>	<b>(731,562)</b>	<b>(315,410)</b>	<b>2,962,912</b>	<b>4,836,541</b>
<b>Net Assets (Deficit), end of year</b>	<b>\$ (21,695,811)</b>	<b>\$ 12,064,240</b>	<b>\$ 12,316,016</b>	<b>\$ 8,120,603</b>	<b>\$ 7,413,013</b>	<b>\$ 8,309,286</b>	<b>\$ 1,723,539</b>	<b>\$ 638,391</b>	<b>\$ (702,051)</b>	<b>\$ 700,661</b>	<b>\$ 4,181,753</b>	<b>\$ 6,271,162</b>

See accompanying notes to financial statements.

**Success Academy Charter Schools - NYC**  
**Detailed Schedule of Activities by School (Continued)**

*Year ended June 30, 2021*

	Fort Greene	Prospect Heights	Bensonhurst	Bergen Beach	Bushwick	Flatbush	Upper West	Hell's Kitchen	Union Square	Washington Heights	Hudson Yards	Rosedale	Springfield Gardens
<b>Revenue, Support, and Gains, Net</b>													
State per-pupil operating revenue	\$ 4,241,750	\$ 6,798,422	\$ 11,130,344	\$ 10,158,952	\$ 9,190,072	\$ 10,218,581	\$ 7,604,985	\$ 8,036,334	\$ 10,103,765	\$ 10,276,699	\$ 7,429,885	\$ 11,135,956	\$ 9,633,089
Government grants	258,609	343,635	479,649	511,556	580,004	572,854	272,847	405,042	363,132	500,437	2,426,955	389,465	346,657
Interest and other income	294	645	837	831	797	756	607	732	715	745	620	874	849
Loss on asset impairment	(50,671)	(76,932)	(113,587)	(111,536)	(97,732)	(100,340)	(91,074)	(90,176)	(99,705)	(112,190)	(67,073)	(114,680)	(101,069)
<b>Total Revenue, Support, and Gains, Net</b>	<b>4,449,982</b>	<b>7,065,770</b>	<b>11,497,243</b>	<b>10,559,803</b>	<b>9,673,141</b>	<b>10,691,851</b>	<b>7,787,365</b>	<b>8,351,932</b>	<b>10,367,907</b>	<b>10,665,691</b>	<b>9,790,387</b>	<b>11,411,615</b>	<b>9,879,526</b>
<b>Expenses</b>													
Program services:													
General education	3,084,093	3,966,882	5,492,074	5,176,139	4,822,817	5,468,044	4,665,021	4,459,043	5,288,713	5,560,812	5,677,354	5,748,103	4,831,310
Special education	974,846	1,253,885	1,735,980	1,636,117	1,524,436	1,728,385	1,474,559	1,409,451	1,671,700	1,757,708	1,794,545	1,816,908	1,527,121
<b>Total Program Services</b>	<b>4,058,939</b>	<b>5,220,767</b>	<b>7,228,054</b>	<b>6,812,256</b>	<b>6,347,253</b>	<b>7,196,429</b>	<b>6,139,580</b>	<b>5,868,494</b>	<b>6,960,413</b>	<b>7,318,520</b>	<b>7,471,899</b>	<b>7,565,011</b>	<b>6,358,431</b>
Supporting services:													
General and administrative	474,501	608,568	863,765	808,831	748,473	840,995	695,033	685,149	810,519	852,503	808,321	886,158	753,182
<b>Total Expenses</b>	<b>4,533,440</b>	<b>5,829,335</b>	<b>8,091,819</b>	<b>7,621,087</b>	<b>7,095,726</b>	<b>8,037,424</b>	<b>6,834,613</b>	<b>6,553,643</b>	<b>7,770,932</b>	<b>8,171,023</b>	<b>8,280,220</b>	<b>8,451,169</b>	<b>7,111,613</b>
<b>Change in Net Assets</b>	<b>(83,458)</b>	<b>1,236,435</b>	<b>3,405,424</b>	<b>2,938,716</b>	<b>2,577,415</b>	<b>2,654,427</b>	<b>952,752</b>	<b>1,798,289</b>	<b>2,596,975</b>	<b>2,494,668</b>	<b>1,510,167</b>	<b>2,960,446</b>	<b>2,767,913</b>
<b>Net Assets (Deficit), beginning of year</b>	<b>(3,047,269)</b>	<b>2,420,421</b>	<b>7,530,161</b>	<b>4,517,654</b>	<b>3,555,024</b>	<b>769,327</b>	<b>7,043,536</b>	<b>4,809,615</b>	<b>3,059,345</b>	<b>4,956,993</b>	<b>(1,963,123)</b>	<b>6,953,324</b>	<b>6,468,975</b>
<b>Net Assets (Deficit), end of year</b>	<b>\$ (3,130,727)</b>	<b>\$ 3,656,856</b>	<b>\$ 10,935,585</b>	<b>\$ 7,456,370</b>	<b>\$ 6,132,439</b>	<b>\$ 3,423,754</b>	<b>\$ 7,996,288</b>	<b>\$ 6,607,904</b>	<b>\$ 5,656,320</b>	<b>\$ 7,451,661</b>	<b>\$ (452,956)</b>	<b>\$ 9,913,770</b>	<b>\$ 9,236,888</b>

*See accompanying notes to financial statements.*

**Success Academy Charter Schools - NYC**  
**Detailed Schedule of Activities by School (Continued)**

<i>Year ended June 30, 2021</i>												
	Far Rockaway	South Jamaica	Bronx 1	Bronx 2	Bronx 3	Bronx 4	MS Harlem West	MS Harlem North Central	MS Harlem East	MS Harlem North West	MS Bed Stuy 1	MS Myrtle
<b>Revenue, Support, and Gains, Net</b>												
State per-pupil operating revenue	\$ 9,272,303	\$ 7,710,684	\$ 10,909,976	\$ 10,783,359	\$ 11,278,658	\$ 10,594,328	\$ 6,402,477	\$ 6,516,850	\$ 8,303,977	\$ 2,863,348	\$ 6,787,768	\$ 4,044,987
Government grants	549,724	297,230	1,143,510	680,177	769,459	403,353	402,849	420,052	471,489	192,287	393,589	215,952
Interest and other income	710	563	837	853	928	897	487	524	580	214	516	292
Loss on asset impairment	(100,761)	(79,272)	(109,927)	(111,596)	(113,793)	(113,696)	(16,745)	(18,347)	(20,552)	(17,218)	(17,895)	(11,008)
<b>Total Revenue, Support, and Gains, Net</b>	<b>9,721,976</b>	<b>7,929,205</b>	<b>11,944,396</b>	<b>11,352,793</b>	<b>11,935,252</b>	<b>10,884,882</b>	<b>6,789,068</b>	<b>6,919,079</b>	<b>8,755,494</b>	<b>3,038,631</b>	<b>7,163,978</b>	<b>4,250,223</b>
<b>Expenses</b>												
Program services:												
General education	5,200,822	4,292,076	5,679,166	5,009,864	5,305,974	5,542,005	3,845,909	4,605,052	5,767,644	2,736,370	4,609,595	3,615,383
Special education	1,643,919	1,356,675	1,795,118	1,583,560	1,677,156	1,751,763	1,215,647	1,455,603	1,823,085	864,934	1,457,039	1,142,780
<b>Total Program Services</b>	<b>6,844,741</b>	<b>5,648,751</b>	<b>7,474,284</b>	<b>6,593,424</b>	<b>6,983,130</b>	<b>7,293,768</b>	<b>5,061,556</b>	<b>6,060,655</b>	<b>7,590,729</b>	<b>3,601,304</b>	<b>6,066,634</b>	<b>4,758,163</b>
Supporting services:												
General and administrative	789,150	654,818	893,678	807,981	853,384	864,687	571,036	656,321	836,095	382,589	666,901	499,169
<b>Total Expenses</b>	<b>7,633,891</b>	<b>6,303,569</b>	<b>8,367,962</b>	<b>7,401,405</b>	<b>7,836,514</b>	<b>8,158,455</b>	<b>5,632,592</b>	<b>6,716,976</b>	<b>8,426,824</b>	<b>3,983,893</b>	<b>6,733,535</b>	<b>5,257,332</b>
<b>Change in Net Assets</b>	<b>2,088,085</b>	<b>1,625,636</b>	<b>3,576,434</b>	<b>3,951,388</b>	<b>4,098,738</b>	<b>2,726,427</b>	<b>1,156,476</b>	<b>202,103</b>	<b>328,670</b>	<b>(945,262)</b>	<b>430,443</b>	<b>(1,007,109)</b>
<b>Net Assets (Deficit), beginning of year</b>	<b>4,578,712</b>	<b>1,651,854</b>	<b>7,300,166</b>	<b>11,888,613</b>	<b>4,990,048</b>	<b>8,486,159</b>	<b>(3,954,350)</b>	<b>(4,692,389)</b>	<b>(358,929)</b>	<b>(7,756,253)</b>	<b>(3,294,312)</b>	<b>(4,594,957)</b>
<b>Net Assets (Deficit), end of year</b>	<b>\$ 6,666,797</b>	<b>\$ 3,277,490</b>	<b>\$ 10,876,600</b>	<b>\$ 15,840,001</b>	<b>\$ 9,088,786</b>	<b>\$ 11,212,586</b>	<b>\$ (2,797,874)</b>	<b>\$ (4,490,286)</b>	<b>\$ (30,259)</b>	<b>\$ (8,701,515)</b>	<b>\$ (2,863,869)</b>	<b>\$ (5,602,066)</b>

*See accompanying notes to financial statements.*

Success Academy Charter Schools - NYC

Detailed Schedule of Activities by School (Continued)

Year ended June 30, 2021

	MS Ditmas Park	MS East Flatbush	MS LaFayette	MS Midtown West	MS Hudson Yards	MS Springfield Gardens	MS Bronx 2	MS Bronx	MS Hollis	MS Far Rockaway	HS Liberal Arts	HS Liberal Arts Bronx	Success Academy Charter Schools-NYC
<b>Revenue, Support, and Gains, Net</b>													
State per-pupil operating revenue	\$ 7,116,044	\$ 5,875,288	\$ 2,813,443	\$ 8,431,770	\$ 7,599,034	\$ 5,919,318	\$ 6,856,781	\$ 10,136,243	\$ 1,707,902	\$ 1,036,616	\$ 7,589,879	\$ 6,854,524	\$365,240,140
Government grants	534,508	444,412	289,805	337,245	2,256,923	410,627	480,284	858,076	351,341	225,248	661,831	411,653	25,606,575
Interest and other income	526	448	187	591	567	485	535	737	119	72	1,204	-	177,057
Loss on asset impairment	(18,400)	(15,754)	(7,544)	(21,031)	(19,495)	(17,146)	(9,763)	(25,603)	(13,583)	(3,415)	(29,476)		(3,027,551)
<b>Total Revenue, Support, and Gains, Net</b>	<b>7,632,678</b>	<b>6,304,394</b>	<b>3,095,891</b>	<b>8,748,575</b>	<b>9,837,029</b>	<b>6,313,284</b>	<b>7,327,837</b>	<b>10,969,453</b>	<b>2,045,779</b>	<b>1,258,521</b>	<b>8,223,438</b>	<b>7,266,177</b>	<b>387,996,221</b>
<b>Expenses</b>													-
Program services:													-
General education	4,583,445	4,257,362	2,658,729	5,461,848	5,552,444	4,149,145	4,336,884	6,147,240	1,596,890	1,095,763	9,566,492	1,161,107	220,116,229
Special education	1,448,774	1,345,703	840,394	1,726,426	1,755,063	1,311,496	1,370,839	1,943,071	504,759	346,359	3,023,856	367,012	69,576,171
<b>Total Program Services</b>	<b>6,032,219</b>	<b>5,603,065</b>	<b>3,499,123</b>	<b>7,188,274</b>	<b>7,307,507</b>	<b>5,460,641</b>	<b>5,707,723</b>	<b>8,090,311</b>	<b>2,101,649</b>	<b>1,442,122</b>	<b>12,590,348</b>	<b>1,528,119</b>	<b>289,692,400</b>
Supporting services:													-
General and administrative	668,446	604,962	365,216	793,412	783,160	589,884	645,825	924,749	220,021	154,450	1,172,771	273,243	32,957,410
<b>Total Expenses</b>	<b>6,700,665</b>	<b>6,208,027</b>	<b>3,864,339</b>	<b>7,981,686</b>	<b>8,090,667</b>	<b>6,050,525</b>	<b>6,353,548</b>	<b>9,015,060</b>	<b>2,321,670</b>	<b>1,596,572</b>	<b>13,763,119</b>	<b>1,801,362</b>	<b>322,649,810</b>
<b>Change in Net Assets</b>	<b>932,013</b>	<b>96,367</b>	<b>(768,448)</b>	<b>766,889</b>	<b>1,746,362</b>	<b>262,759</b>	<b>974,289</b>	<b>1,954,393</b>	<b>(275,891)</b>	<b>(338,051)</b>	<b>(5,539,681)</b>	<b>5,464,815</b>	<b>65,346,411</b>
<b>Net Assets (Deficit), beginning of year</b>	<b>(2,158,444)</b>	<b>(1,501,401)</b>	<b>(1,098,906)</b>	<b>(2,032,925)</b>	<b>(2,256,597)</b>	<b>492,317</b>	<b>(2,122,194)</b>	<b>(3,657,235)</b>	<b>-</b>	<b>-</b>	<b>(20,306,169)</b>	<b>3,905,198</b>	<b>55,894,394</b>
<b>Net Assets (Deficit), end of year</b>	<b>\$ (1,226,431)</b>	<b>\$ (1,405,034)</b>	<b>\$ (1,867,354)</b>	<b>\$ (1,266,036)</b>	<b>\$ (510,235)</b>	<b>\$ 755,076</b>	<b>\$ (1,147,905)</b>	<b>\$ (1,702,842)</b>	<b>\$ (275,891)</b>	<b>\$ (338,051)</b>	<b>\$ (25,845,850)</b>	<b>\$ 9,370,013</b>	<b>\$121,240,805</b>

See accompanying notes to financial statements.

\* Bed Stuy 3, MS Harlem Central, MS Cobble Hill and MS Williamsburg were closed and net asset balance was rolled into Ed Corp. Bronx 1 and MS Bronx 3 were closed and net asset balance was rolled into MS Bronx.

# Success Academy Charter Schools - NYC

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Education</b>				
Passed through the New York State Education Department:				
Title I Grants to Local Educational Agencies (Title I Part A of the ESEA)	84.010	Not Applicable	\$ -	\$ 6,223,946
Supporting Effective Instruction State Grants	84.367	Not Applicable	-	778,664
Student Support and Academic Enrichment Program	84.424	Not Applicable	-	496,714
Elementary and Secondary School Emergency Relief Fund	84.425D	Not Applicable	-	6,409,417
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	Not Applicable	-	14,384,573
Passed through the New York City Department of Education:				
Special Education Cluster (IDEA): Special Education - Grants to States (IDEA, Part B)	84.027	Not Applicable	-	1,976,197
Passed through Success Academy Charter Schools, Inc.:				
Charter Schools - Grants for Replication and Expansion of High-Quality Charter Schools Program - CSP	84.282M	Not Applicable	-	592,028
<b>Total U.S. Department of Education</b>			-	<b>30,861,539</b>
<b>Total Expenditures of Federal Awards</b>			\$ -	<b>\$ 30,861,539</b>

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, 2022

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### 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, 2022. 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 elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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## **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 the statement of financial position as of June 30, 2022, 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 4, 2022.

### **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 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 have not been 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, LLP

October 4, 2022



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## **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, 2022. 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, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 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 have not been 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, LLP

October 4, 2022

# Success Academy Charter Schools - NYC

## Schedule of Findings and Questioned Costs Year Ended June 30, 2022

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### Section 1. Summary of Auditor's Results

#### Financial Statements

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

Unmodified

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

#### Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ 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 ☒ No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief

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

\$925,846

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

### Section 2. 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 3. 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.

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