
THE ACADEMY CHARTER SCHOOL

**Financial Statements with Supplementary
Information**

For the years ended June 30, 2023 and 2022

THE ACADEMY CHARTER SCHOOL

Financial Statements

June 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2023, TACS adopted new accounting guidance, Accounting Standards Update ASU 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to that matter.

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 bonds covenants calculations, shown on page 27, and schedule of expenditures of federal awards, shown on page 28, 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, 2023 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, 2023

THE ACADEMY CHARTER SCHOOL

Statements of Financial Position

As of June 30,

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 12,020,832	\$ 9,844,337
Restricted cash and escrow reserves - bond principal and interest	3,236,159	2,259,563
Accounts receivable - net	1,130,702	1,304,244
Grants receivable - government agencies	1,454,263	3,246,936
Due from affiliate - current portion	11,803,963	250,209
Prepaid expenses	82,677	37,334
Total current assets	<u>29,728,596</u>	<u>16,942,623</u>
Property and equipment, net	139,773,949	117,277,032
Operating lease right-of-use assets	3,891,911	-
Other assets		
Restricted cash and escrow reserves	13,889,385	38,857,171
Due from affiliate - long-term portion	-	2,911,728
Security and other deposits	1,118,908	124,657
Total assets	<u><u>\$ 188,402,749</u></u>	<u><u>\$ 176,113,211</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,935,711	\$ 2,176,686
Accrued salaries and other payroll-related expenses	6,469,509	5,271,537
Accrued interest payable	2,844,883	1,938,943
Bonds payable - current portion	2,305,000	1,590,000
Line of credit	5,000,000	2,500,000
Lease liabilities - operating leases - current portion	589,936	-
Total current liabilities	<u>19,145,039</u>	<u>13,477,166</u>
Lease liabilities - operating leases - long-term portion	3,383,611	-
Bonds payable (long-term portion; net of unamortized deferred financing costs of \$4,907,662 in 2023 and \$5,097,024 in 2022)	<u>153,387,066</u>	<u>155,502,704</u>
Total liabilities	<u>175,915,716</u>	<u>168,979,870</u>
Net assets without donor restrictions		
Undesignated	12,301,441	6,949,649
Reserve - contingency	185,592	183,692
Total net assets without donor restrictions	<u>12,487,033</u>	<u>7,133,341</u>
Total liabilities and net assets	<u><u>\$ 188,402,749</u></u>	<u><u>\$ 176,113,211</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>2023</u>	<u>2022</u>
<u>Operating revenue and other support</u>		
Public school districts		
Regular education	\$ 67,846,567	\$ 58,153,626
Special education	<u>1,345,052</u>	<u>929,042</u>
Total state and local per pupil operating revenue	69,191,619	59,082,668
Grants, contracts and other support		
Contributions and private grants	7,135,072	433,376
Federal and state grants	6,218,399	7,248,237
Interest and other income	<u>1,078,055</u>	<u>824,850</u>
Total operating revenue and other support	<u>83,623,145</u>	<u>67,589,131</u>
<u>Expenses</u>		
Program expenses		
Regular education	56,015,405	49,363,050
Food service	4,077,518	3,893,313
Special education	<u>1,312,862</u>	<u>1,524,916</u>
Total program expenses	61,405,785	54,781,279
Supporting services		
Management and general	<u>16,863,668</u>	<u>13,684,113</u>
Total program and supporting services expenses	<u>78,269,453</u>	<u>68,465,392</u>
Change in net assets	5,353,692	(876,261)
Net assets without donor restrictions - beginning of year	<u>7,133,341</u>	<u>8,009,602</u>
Net assets without donor restrictions - end of year	<u><u>\$ 12,487,033</u></u>	<u><u>\$ 7,133,341</u></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

	Program expenses				Supporting services	Total program and supporting services
	Regular education	Special education	Food service	Total programs	Management & general	
Salaries						
Administrative staff personnel	\$ 5,626,640	\$ 369,463	\$ 145,907	\$ 6,142,010	\$ 3,565,210	\$ 9,707,220
Instructional personnel	22,149,314	437,813	-	22,587,127	-	22,587,127
Noninstructional personnel	14,925	-	950,339	965,264	5,019,458	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>8,584,668</u>	<u>38,279,069</u>
Operating expenses						
Payroll taxes and fringe benefits	6,145,729	117,754	283,860	6,547,343	2,352,274	8,899,617
Retirement benefits	440,009	6,755	21,266	468,030	161,434	629,464
Financial and administrative	41,104	-	-	41,104	547,584	588,688
Administrative	47,126	-	408	47,534	16,060	63,594
Marketing and recruitment	53,435	-	-	53,435	-	53,435
Insurance	345,633	5,193	16,679	367,505	225,065	592,570
Legal and professional	613,205	9,647	120,393	743,245	364,024	1,107,269
Repairs and maintenance	2,428,213	15,757	73,638	2,517,608	351,635	2,869,243
Equipment leasing and maintenance	1,164,315	18,300	40,913	1,223,528	297,200	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	92,989	2,281,424
Student services and related activities	3,831,334	58,175	2,700	3,892,209	7,633	3,899,842
Supplies and instructional materials	1,704,669	22,342	-	1,727,011	23,967	1,750,978
Telephone and internet services	404,733	7,159	19,260	431,152	286,310	717,462
Occupancy	1,111,820	110,686	46,820	1,269,326	245,912	1,515,238
Other expenses	210,777	-	6,794	217,571	70,610	288,181
Interest expense - facilities loans	4,858,059	70,923	232,544	5,161,526	1,835,342	6,996,868
Depreciation	3,835,902	54,146	184,298	4,074,346	1,379,350	5,453,696
Amortization	163,953	1,073	2,725	167,751	21,611	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>8,279,000</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>\$ 16,863,668</u>	<u>\$ 78,269,453</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, 2022

	Program expenses			Supporting services	Total program and supporting services	
	Regular education	Special education	Food service	Total programs		Management & general
Salaries						
Administrative staff personnel	\$ 3,238,046	\$ 297,352	\$ -	\$ 3,535,398	\$ 3,231,053	\$ 6,766,451
Instructional personnel	21,444,653	473,529	-	21,918,182	-	21,918,182
Noninstructional personnel	269,303	-	926,711	1,196,014	4,794,620	5,990,634
Total salaries	24,952,002	770,881	926,711	26,649,594	8,025,673	34,675,267
Operating expenses						
Payroll taxes and fringe benefits	6,264,265	194,056	233,084	6,691,405	921,521	7,612,926
Retirement benefits	571,306	-	-	571,306	88,717	660,023
Financial and administrative	-	-	-	-	674,456	674,456
Administrative	179,767	3,239	3,865	186,871	38,885	225,756
Marketing and recruitment	227,834	7,381	-	235,215	-	235,215
Insurance	267,204	8,324	9,980	285,508	97,118	382,626
Legal and professional	667,647	15,822	54,861	738,330	155,370	893,700
Repairs and maintenance	1,728,954	69,143	515,691	2,313,788	143,555	2,457,343
Equipment leasing and maintenance	1,081,444	35,730	76,472	1,193,646	251,239	1,444,885
Staff development	651,128	21,206	1,887	674,221	148,447	822,668
Food costs	220,914	-	1,634,189	1,855,103	78,825	1,933,928
Student services and related activities	1,748,169	69,917	-	1,818,086	-	1,818,086
Supplies and instructional materials	1,195,458	36,683	-	1,232,141	-	1,232,141
Telephone and internet services	383,989	12,553	13,332	409,874	119,369	529,243
Occupancy	370,460	14,344	104,973	489,777	148,427	638,204
Other expenses	207,205	2,491	429	210,125	33,593	243,718
Interest expense - facilities loans	5,026,651	154,029	185,647	5,366,327	1,609,791	6,976,118
Interest expense - equipment lease	139,871	3,420	4,454	147,745	40,012	187,757
Depreciation	3,340,753	101,767	122,887	3,565,407	1,066,563	4,631,970
Amortization	138,029	3,930	4,851	146,810	42,552	189,362
Total operating expenses	24,411,048	754,035	2,966,602	28,131,685	5,658,440	33,790,125
Total expenses	\$ 49,363,050	\$ 1,524,916	\$ 3,893,313	\$ 54,781,279	\$ 13,684,113	\$ 68,465,392

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>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 5,353,692	\$ (876,261)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	5,453,696	4,631,970
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	173,542	(55,567)
Grants receivable - government agencies	1,792,673	(2,590,261)
Due from affiliates	(8,642,026)	(3,161,937)
Security and other deposits	(994,251)	(52,567)
Prepaid expenses	(45,343)	10,776
Accounts payable and accrued expenses	(240,975)	(2,031,317)
Accrued salaries and other payroll-related expenses	1,197,972	1,836,788
Accrued interest payable	905,940	(32,994)
Deferred revenue	-	(60,355)
Net cash provided by/(used in) operating activities	<u>5,225,918</u>	<u>(2,192,363)</u>
Cash flows used in investing activities		
Acquisition of property and equipment	<u>(27,950,613)</u>	<u>(15,010,930)</u>
Cash flows from financing activities		
Payments on bonds payable	(1,590,000)	(1,495,000)
Draws on line of credit	10,210,313	5,200,000
Payments on line of credit	<u>(7,710,313)</u>	<u>(2,700,000)</u>
Net cash provided by financing activities	<u>910,000</u>	<u>1,005,000</u>
Net decrease in cash, cash equivalents, and restricted cash	(21,814,695)	(16,198,293)
Cash, cash equivalents, and restricted cash - beginning of year	<u>50,961,071</u>	<u>67,159,364</u>
Cash, cash equivalents, and restricted cash - end of year	<u>\$ 29,146,376</u>	<u>\$ 50,961,071</u>
Supplemental cash flow disclosures		
Interest paid	<u>\$ 5,977,718</u>	<u>\$ 5,294,209</u>
Interest capitalized	<u>\$ 2,086,360</u>	<u>\$ 2,086,360</u>
Reconciliation of cash, cash equivalents and restricted cash balances:		
Cash and cash equivalents	\$ 12,020,832	\$ 9,844,337
Restricted cash and escrow reserves:		
Bond principal reserves	1,846,812	901,333
Bond interest reserves	1,389,347	1,358,230
Restricted cash - held by trustee	32,343	23,396,830
Debt service reserve fund	12,619,869	12,191,419
Capitalized interest reserve	740,739	2,784,887
Repairs and replacements	310,842	300,343
Restricted cash - contingency	<u>185,592</u>	<u>183,692</u>
Total restricted cash and escrow reserves	<u>17,125,544</u>	<u>41,116,734</u>
Total cash, cash equivalents and restricted cash	<u>\$ 29,146,376</u>	<u>\$ 50,961,071</u>

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

THE ACADEMY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2023 and 2022

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 in 2020, The Academy Charter School – Uniondale obtained a charter modification authorizing it to operate classes from kindergarten through sixth grade and ninth through eleventh 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.”

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.

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.

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2023 and 2022

Note 2 Summary of significant accounting policies – (continued)

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.

Accounts and grants receivable. Accounts and 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. Allowances recorded at June 30, 2023 and 2022 are \$291,505 and \$291,981, respectively.

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.

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.

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.

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2023 and 2022

Note 2 Summary of significant accounting policies – (continued)

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

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, 2023 and 2022.

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2023 and 2022

Note 2 Summary of significant accounting policies – (continued)

Income taxes. TACS is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified as a publicly supported organization as described in IRC sections 509(A)(1) and 170(B)(1)(A)(II).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if TACS has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that, as of June 30, 2023, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the accompanying financial statements. Periods ending June 30, 2020 and subsequent remain subject to examination by the taxing authorities.

Adoption of New Accounting Standard: Leases. As of July 1, 2022, TACS adopted Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), which was amended in some respects by subsequent ASUs, collectively Accounting Standards Codification 842 (ASC 842), and supersedes existing lease guidance. The standard requires TACS to record operating lease right-of-use assets and corresponding lease liabilities on the statement of financial position and disclose key quantitative and qualitative information about lease contracts.

Under ASC 842, TACS determines if a contract is a leasing arrangement at inception. Operating lease right-of-use assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. TACS uses the risk-free rate of return and recognizes operating lease expense for operating leases on a straight-line basis over the lease term.

TACS leases facility space and various office equipment under non-cancelable operating leases. Leases with an initial term of 12 months or less are not recorded on the statement of financial position and are expensed on a straight-line basis.

THE ACADEMY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2023 and 2022

Note 3 Liquidity and availability

At June 30, 2023 and 2022, 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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 12,020,832	\$ 9,844,337
Accounts receivable – net	1,130,702	1,304,244
Grants receivable – government agencies	1,454,263	3,246,936
Due from affiliate – current portion	<u>11,803,963</u>	<u>250,209</u>
Total financial assets available for general expenditures within one year	<u>\$ 26,409,760</u>	<u>\$ 14,645,726</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 8.

Note 4 Restricted cash and escrow reserves

Restricted cash and escrow reserve accounts as of June 30, 2023 and 2022 were as follows:

	<u>2023</u>			<u>2022</u>		
	The Academy - Hempstead	The Academy - Uniondale	Total	The Academy - Hempstead	The Academy - Uniondale	Total
Restricted cash and escrow reserves						
Bond principal reserves	\$ 720,745	\$ 1,126,067	\$ 1,846,812	\$ 822,503	\$ 78,830	\$ 901,333
Bond interest reserves	878,504	510,843	1,389,347	1,002,392	355,838	1,358,230
Total bond principal and interest reserve	<u>1,599,249</u>	<u>1,636,910</u>	<u>3,236,159</u>	<u>1,824,895</u>	<u>434,668</u>	<u>2,259,563</u>
Other restricted cash and escrow reserves:						
Restricted cash - held by trustee	20,284	12,059	32,343	213,601	23,183,229	23,396,830
Debt service reserve fund	7,680,721	4,939,148	12,619,869	7,415,821	4,775,598	12,191,419
Capitalized interest reserve	-	740,739	740,739	220	2,784,667	2,784,887
Repairs and replacements	207,228	103,614	310,842	200,229	100,114	300,343
Restricted cash - contingency	81,221	104,371	185,592	81,140	102,552	183,692
Total other restricted cash and reserves	<u>7,989,454</u>	<u>5,899,931</u>	<u>13,889,385</u>	<u>7,911,011</u>	<u>30,946,160</u>	<u>38,857,171</u>
Total restricted cash and escrow reserves	<u>\$ 9,588,703</u>	<u>\$ 7,536,841</u>	<u>\$ 17,125,544</u>	<u>\$ 9,735,906</u>	<u>\$ 31,380,828</u>	<u>\$ 41,116,734</u>

THE ACADEMY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2023 and 2022

Note 5 Property and equipment

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

	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>
	2022		
	The Academy - Hempstead	The Academy - Uniondale	Total
Land	\$ 790,000	\$ -	\$ 790,000
Building	64,250,655	31,062,538	95,313,193
Building improvements	4,920,145	2,017,257	6,937,402
Furniture and fixtures	3,401,221	1,769,471	5,170,692
Machinery and equipment	5,000	577,073	582,073
Educational equipment	474,425	27,807	502,232
Computer and office equipment	5,672,300	3,177,142	8,849,442
Construction in progress	-	16,967,870	16,967,870
Total property and equipment	79,513,746	55,599,158	135,112,904
Less: accumulated depreciation	(14,354,264)	(3,481,608)	(17,835,872)
Property and equipment, net	<u>\$ 65,159,482</u>	<u>\$ 52,117,550</u>	<u>\$ 117,277,032</u>

Note 6 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.

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2023 and 2022

Note 6 Bonds payable – (continued)

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.

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.

THE ACADEMY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2023 and 2022

Note 6 Bonds payable – (continued)

The summary of bonds payable at June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Series 2017 Bonds	\$ 36,135,000	\$ 36,810,000
Series 2018 Bonds	20,755,000	21,070,000
Series 2020 Bonds	57,620,000	58,220,000
Series 2021 Bonds	<u>46,089,728</u>	<u>46,089,728</u>
Total bonds payable	160,599,728	162,189,728
Less: current portion	(2,305,000)	(1,590,000)
Less: unamortized debt issuance costs	<u>(4,907,662)</u>	<u>(5,097,024)</u>
Long-term bonds payable - net	<u>\$ 153,387,066</u>	<u>\$ 155,502,704</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>
2024	\$ 1,585,765	\$ 719,235	\$ 2,305,000
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
Thereafter	<u>62,599,156</u>	<u>81,085,572</u>	<u>143,684,728</u>
Total bonds payable	71,422,573	89,177,155	160,599,728
Less: current portion	(1,585,765)	(719,235)	(2,305,000)
Less: unamortized debt issuance costs	<u>(2,020,683)</u>	<u>(2,886,979)</u>	<u>(4,907,662)</u>
Long-term bonds payable - net	<u>\$ 67,816,125</u>	<u>\$ 85,570,941</u>	<u>\$ 153,387,066</u>

As of June 30, 2023, TACS was in compliance with all debt covenants pursuant to the bond agreements.

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2023 and 2022

Note 7 Concentrations of credit and revenue risks

TACS maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. TACS has not experienced any losses in such accounts. The management of TACS believes it is not exposed to significant credit risk on cash and cash equivalents.

For the years ended June 30, 2023 and 2022, TACS received approximately 83% and 87% of its operating revenue, which is subject to specific requirements, from per pupil funding primarily from the Districts of Hempstead and Uniondale, respectively. Additionally, TACS's grants receivable consists of approximately 100% from the New York State Education Department and one other organization.

Note 8 Line of credit

TACS has a \$7,000,000 revolving line of credit with a financial institution. The line of credit bears interest of 8.25% 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, 2023 and 2022, the outstanding line of credit total balances were \$5,000,000 and \$2,500,000, respectively.

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.

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2023 and 2022

Note 10 Due from affiliate

TACS is an affiliate of The Academy Charter School 2 (“TACS2”), another not-for-profit organization. TACS advanced funds to TACS2 to assist with startup, organizational, and construction costs. As of June 30, 2023 and 2022, the total amount due from TACS2 was \$11,803,963 and \$3,161,937, respectively. \$955,476 and \$250,209 of the outstanding amount was incurred by TACS2 for operating costs paid by TACS for the years ended June 30, 2023 and 2022, respectively. In addition, as of June 30, 2023 and 2022, \$6,246,157 and \$2,911,728 of the outstanding amounts due to TACS, were used for the acquisition and renovation of a former hardware store known as the “Early Learning Facility”, and the remaining \$4,602,330 outstanding at June 30, 2023 relates to the “New School Facility.” The amounts are expected to be repaid within the next year. Please refer to Note 14 for additional disclosures regarding repayment. The advances bear no interest and are subject to repayment based upon board approval.

Note 11 Retirement plan

TACS offers a 401(k) plan for all qualifying employees. Employees are eligible for 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, 2023 and 2022, TACS’s matching contributions were \$629,464 and \$660,023, 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, TACS amended its defined contribution 401(k) Plan 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.

Note 12 Accrued salary 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, 2023 and 2022, accrued payroll amounted to \$5,100,832 and \$4,198,010, respectively. The other payroll-related accruals as of June 30, 2023 and 2022 amounted to \$1,368,677 and \$1,073,527, respectively.

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2023 and 2022

Note 13 Leases

FASB ASU 2016-02 (as amended), *Leases ("Topic 842")* was adopted during the year ended June 30, 2023. The most significant change in the new leasing guidance is the requirement to recognize right-of-use ("ROU") assets and lease liabilities for operating leases on the statement of financial position. TACS elected to adopt Topic 842 effective July 1, 2022 and utilized all of the available practical expedients permitting TACS to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases. Adoption of the standard resulted in TACS recording an operating lease ROU asset of \$3,891,911, and lease liabilities of \$3,973,547 as of June 30, 2023. Operating lease ROU assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term. Variable lease costs such as common area maintenance and property taxes are expensed as incurred. TACS determines if an arrangement is a lease at the inception of a contract and recognizes operating lease expense on a straight-line basis over the lease term. Leases with an initial term of twelve months or less are not recorded on the statement of financial position and are expensed on a straight-line basis.

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 year ended June 30, 2023 were as follows:

Lease costs:

Operating lease cost (cost resulting from lease payments)	\$	562,202
Short-term lease costs		749,370
Variable lease costs (costs excluded from lease payments)		231,304
Total lease costs	\$	1,542,876

THE ACADEMY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2023 and 2022

Note 13 Leases – (continued)

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of June 30, 2023, 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>
2024	\$ 519,251	\$ 70,685	\$ 589,936
2025	365,695	70,685	436,380
2026	322,627	76,340	398,967
2027	283,731	76,340	360,071
2028	168,960	76,340	245,300
Thereafter	<u>13,852</u>	<u>4,507,129</u>	<u>4,520,981</u>
Total future undiscounted lease payments	1,674,116	4,877,519	6,551,635
Less: Present value discount	<u>(97,041)</u>	<u>(2,481,047)</u>	<u>(2,578,088)</u>
Lease liabilities	<u>\$ 1,577,075</u>	<u>\$ 2,396,472</u>	<u>\$ 3,973,547</u>

Operating lease terms and discount rate at June 30, 2023 are as follows:

Weighted average of remaining lease terms (years)	35.13 years
Weighted average discount rate	2.92%

Note 14 Subsequent events

Management has evaluated events and transactions for potential recognition or disclosure through October 31, 2023, which is the date the financial statements were available to be issued and has concluded that, except for the following, no subsequent events occurred that require an adjustment to or disclosure in the financial statements.

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.

\$6,246,157 of the proceeds were used to repay TACS for the funds loaned to TACS2 for the costs of acquisition and renovation of an approximately 9,800 square feet 1-story building for the Early Learning Facility. In addition, TACS received \$4,602,230 which represents funds loaned to TACS2 to make preconstruction payments to attorneys, architects, engineers, and the contractor. TACS, TACS2 and Friends of the Academy, Inc. (“FTOA”, a New York not-for-profit corporation) are co-obligors on these bonds.

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

	2023	2022
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 4,807,549	\$ 3,065,293
Restricted cash and escrow reserves - bond principal and interest	1,599,249	1,824,895
Accounts receivable - net	700,845	682,545
Grants receivable - government agencies	708,793	2,528,058
Due from The Academy - Uniondale	5,445,326	3,055,342
Due from affiliate - current portion	11,751,461	250,209
Prepaid expenses	44,124	33,217
Total current assets	25,057,347	11,439,559
Property and equipment, net	62,544,167	65,159,482
Operating lease right-of-use assets	1,577,075	-
Other assets		
Restricted cash and escrow reserves	7,989,454	7,911,011
Due from affiliate - long-term portion	-	2,911,728
Security and other deposits	495,096	94,732
Total assets	<u>\$ 97,663,139</u>	<u>\$ 87,516,512</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,130,107	\$ 1,419,005
Accrued salaries and other payroll-related expenses	4,053,671	3,365,072
Accrued interest payable	1,739,570	997,775
Bonds payable - current portion	1,585,765	1,275,000
Line of credit	5,000,000	2,500,000
Lease liabilities - operating leases - current portion	519,251	-
Total current liabilities	14,028,364	9,556,852
Lease liabilities - operating leases - long-term portion	1,057,824	-
Bonds payable (long-term portion; net of unamortized deferred financing costs of \$2,020,683 in 2023 and \$2,101,387 in 2022)	67,816,125	69,321,186
Total liabilities	<u>82,902,313</u>	<u>78,878,038</u>
Net assets without donor restrictions		
Undesignated	14,679,605	8,557,334
Reserve - contingency	81,221	81,140
Total net assets without donor restrictions	<u>14,760,826</u>	<u>8,638,474</u>
Total liabilities and net assets	<u>\$ 97,663,139</u>	<u>\$ 87,516,512</u>

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

	<u>2023</u>	<u>2022</u>
<u>Operating revenue and other support</u>		
Public school districts		
Regular education	\$ 41,159,611	\$ 38,869,632
Special education	974,384	679,806
	<hr/>	<hr/>
Total state and local per pupil operating revenue	42,133,995	39,549,438
Grants, contracts and other support		
Contributions and private grants	7,066,687	102,896
Federal and state grants	4,089,941	5,619,980
Interest and other income	500,333	66,018
	<hr/>	<hr/>
Total operating revenue and other support	<u>53,790,956</u>	<u>45,338,332</u>
<u>Expenses</u>		
Program expenses		
Regular education	33,483,974	31,273,041
Food service	2,517,672	2,603,015
Special education	868,137	1,098,704
	<hr/>	<hr/>
Total program expenses	36,869,783	34,974,760
Supporting Services		
Management and general	10,798,821	9,012,904
	<hr/>	<hr/>
Total program and supporting services expenses	<u>47,668,604</u>	<u>43,987,664</u>
Change in net assets	6,122,352	1,350,668
Net assets without donor restrictions - beginning of year	8,638,474	7,287,806
	<hr/>	<hr/>
Net assets without donor restrictions - end of year	<u>\$ 14,760,826</u>	<u>\$ 8,638,474</u>

THE ACADEMY CHARTER SCHOOL

Statement of Functional Expenses: The Academy – Hempstead

For the year ended June 30, 2023

	Number of Positions	Program expenses				Supporting services	Total program and supporting services
		Regular Education	Special Education	Food Service	Total Programs	Management & General	
Salaries							
Administrative staff personnel	56	\$ 3,544,794	\$ 234,479	\$ 89,255	\$ 3,868,528	\$ 2,151,232	\$ 6,019,760
Instructional personnel	172	12,817,163	313,527	-	13,130,690	-	13,130,690
Noninstructional personnel	79	10,875	-	578,126	589,001	3,167,297	3,756,298
Total salaries	307	16,372,832	548,006	667,381	17,588,219	5,318,529	22,906,748
Payroll taxes and fringe benefits		4,037,916	92,697	190,269	4,320,882	1,679,797	6,000,679
Retirement benefits		288,056	5,590	14,193	307,839	112,585	420,424
Financial and administrative		33,354	-	-	33,354	336,163	369,517
Administrative		41,504	-	204	41,708	11,560	53,268
Marketing and recruitment		44,139	-	-	44,139	-	44,139
Insurance		216,615	4,204	10,673	231,492	183,589	415,081
Legal and professional		504,870	9,647	84,363	598,880	244,468	843,348
Repairs and maintenance		1,505,873	11,468	52,171	1,569,512	176,975	1,746,487
Equipment leasing and maintenance		878,338	16,377	6,961	901,676	213,453	1,115,129
Staff development		280,413	5,432	1,147	286,992	-	286,992
Food costs		159,231	-	1,177,981	1,337,212	56,820	1,394,032
Student services and activities		2,203,990	46,859	900	2,251,749	-	2,251,749
Supplies and instructional materials		1,008,395	17,169	-	1,025,564	22,148	1,047,712
Telephone and internet services		368,888	7,159	18,176	394,223	239,443	633,666
Occupancy		325,229	5,479	38,297	369,005	100,844	469,849
Other expenses		130,297	-	6,001	136,298	50,897	187,195
Interest expense - facilities loans		2,921,186	56,078	142,385	3,119,649	1,206,213	4,325,862
Depreciation		2,107,553	40,899	103,845	2,252,297	823,726	3,076,023
Amortization		55,295	1,073	2,725	59,093	21,611	80,704
Total operating expenses		17,111,142	320,131	1,850,291	19,281,564	5,480,292	24,761,856
Total expenses		\$ 33,483,974	\$ 868,137	\$ 2,517,672	\$ 36,869,783	\$ 10,798,821	\$ 47,668,604

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

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 7,213,283	\$ 6,779,044
Restricted cash and escrow reserves - bond principal and interest	1,636,910	434,668
Accounts receivable - net	429,857	621,699
Grants receivable - government agencies	745,470	718,878
Due from affiliate	52,502	-
Prepaid expenses	38,553	4,117
	<hr/>	<hr/>
Total current assets	10,116,575	8,558,406
Property and equipment, net	77,229,782	52,117,550
Operating lease right-of-use assets	2,314,836	-
Other assets		
Restricted cash and escrow reserves	5,899,931	30,946,160
Security and other deposits	623,812	29,925
	<hr/>	<hr/>
Total assets	<u>\$ 96,184,936</u>	<u>\$ 91,652,041</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 805,605	\$ 757,681
Accrued salaries and other payroll-related expenses	2,415,838	1,906,465
Accrued interest payable	1,105,313	941,168
Bonds payable - current portion	719,235	315,000
Due to The Academy - Hempstead	5,445,325	3,055,342
Lease liabilities - operating leases - current portion	70,685	-
	<hr/>	<hr/>
Total current liabilities	10,562,001	6,975,656
Lease liabilities - operating leases - long-term portion	2,325,787	-
Bonds payable (long-term portion; net of unamortized deferred financing costs of \$2,886,979 in 2023 and \$2,995,637 in 2022)	85,570,941	86,181,518
	<hr/>	<hr/>
Total liabilities	98,458,729	93,157,174
Net assets without donor restrictions		
Undesignated	(2,378,164)	(1,607,685)
Reserve - contingency	104,371	102,552
	<hr/>	<hr/>
Total net assets without donor restrictions	<u>(2,273,793)</u>	<u>(1,505,133)</u>
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 96,184,936</u>	<u>\$ 91,652,041</u>

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

	<u>2023</u>	<u>2022</u>
<u>Operating revenue and other support</u>		
Public school districts		
Regular education	\$ 26,686,956	\$ 19,283,994
Special education	370,668	249,236
	<u>27,057,624</u>	<u>19,533,230</u>
Grants, contracts and other support		
Federal and state grants	2,128,458	1,628,257
Interest and other income	577,722	758,832
Contributions and private grants	68,385	330,480
	<u>29,832,189</u>	<u>22,250,799</u>
<u>Expenses</u>		
Program Expenses		
Regular education	22,531,431	18,090,009
Food service	1,559,846	1,290,298
Special education	444,725	426,212
	<u>24,536,002</u>	<u>19,806,519</u>
Supporting Services		
Management and general	<u>6,064,847</u>	<u>4,671,209</u>
	<u>30,600,849</u>	<u>24,477,728</u>
Change in net assets	(768,660)	(2,226,929)
Net assets without donor restrictions - beginning of year	<u>(1,505,133)</u>	<u>721,796</u>
Net assets without donor restrictions - end of year	<u>\$ (2,273,793)</u>	<u>\$ (1,505,133)</u>

THE ACADEMY CHARTER SCHOOL

Statement of Functional Expenses: The Academy – Uniondale

For the year ended June 30, 2023

		Program expenses			Supporting services	Total program and supporting services	
	Number of Positions	Regular Education	Special Education	Food Service	Total Programs	Management & General	
Salaries							
Administrative staff personnel	22	\$ 2,081,846	\$ 134,984	\$ 56,652	\$ 2,273,482	\$ 1,413,978	\$ 3,687,460
Instructional personnel	136	9,332,151	124,286	-	9,456,437	-	9,456,437
Noninstructional personnel	42	4,050	-	372,213	376,263	1,852,161	2,228,424
Total salaries	200	11,418,047	259,270	428,865	12,106,182	3,266,139	15,372,321
Payroll taxes and fringe benefits		2,107,813	25,057	93,591	2,226,461	672,477	2,898,938
Retirement benefits		151,953	1,165	7,073	160,191	48,849	209,040
Financial and administrative		7,750	-	-	7,750	211,421	219,171
Administrative		5,622	-	204	5,826	4,500	10,326
Marketing and recruitment		9,296	-	-	9,296	-	9,296
Insurance		129,018	989	6,006	136,013	41,476	177,489
Legal and professional		108,335	-	36,030	144,365	119,556	263,921
Repairs and maintenance		922,340	4,289	21,467	948,096	174,660	1,122,756
Equipment leasing and maintenance		285,977	1,923	33,952	321,852	83,747	405,599
Staff development		283,489	2,244	-	285,733	-	285,733
Food costs		101,377	-	749,846	851,223	36,169	887,392
Student services and activities		1,627,344	11,316	1,800	1,640,460	7,633	1,648,093
Supplies and instructional materials		696,274	5,173	-	701,447	1,819	703,266
Telephone and internet services		35,845	-	1,084	36,929	46,867	83,796
Occupancy		786,591	105,207	8,523	900,321	145,068	1,045,389
Other expenses		80,480	-	793	81,273	19,713	100,986
Interest expense - facilities loans		1,936,873	14,845	90,159	2,041,877	629,129	2,671,006
Depreciation		1,728,349	13,247	80,453	1,822,049	555,624	2,377,673
Amortization		108,658	-	-	108,658	-	108,658
Total operating expenses		11,113,384	185,455	1,130,981	12,429,820	2,798,708	15,228,528
Total expenses		\$ 22,531,431	\$ 444,725	\$ 1,559,846	\$ 24,536,002	\$ 6,064,847	\$ 30,600,849

THE ACADEMY CHARTER SCHOOL
Other Supplementary Information – Schedule of Bonds Covenants Calculations
For the year ended June 30, 2023

	<u>Minimum Requirement</u>	<u>Actual</u>
Debt service coverage ratio	1.15	2.10
Days cash on hand	45	60

The debt service coverage ratio is calculated as follows:

Increase in net assets	\$ 5,353,692		
Add back: Interest expense	6,996,868		
Depreciation and amortization	<u>5,643,059</u>		
Net revenues available for debt service	<u>\$ 17,993,619</u>		
Debt service payments – bonds			
Interest expense	\$ 6,996,868		
Principal	<u>1,590,000</u>		
Total current debt service – bonds	<u>\$ 8,586,868</u>		
Net revenues available for debt service	<u>\$ 17,993,619</u>	=	2.10
Total current debt service – bonds	<u>\$ 8,586,868</u>		

The days cash on hand is calculated as follows:

Total expenses	\$ 78,269,453		
Less: Depreciation and amortization	<u>(5,643,059)</u>		
Net expenses	72,626,394		
Days	<u>365</u>		
Cash used per day	<u>\$ 198,976</u>		
Cash at year end	<u>\$ 12,020,832</u>	=	60
Cash used per day	<u>\$ 198,976</u>		

THE ACADEMY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2023

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
Child Nutrition Cluster:				
United States Department of Agriculture Programs:				
Pass-Through New York State Education Department:				
School Breakfast Program	10.553	280201860934	\$ 48,524	\$ 959,933
National School Lunch Program	10.555	280201860934	145,573	2,747,110
COVID-19 Supply Chain Assistance Fund	10.555	280201860934	-	90,533
Summer Food Service Program	10.559	280201860934	-	90,016
<i>Total United States Department of Agriculture Programs</i>			194,097	3,887,592
Total Child Nutrition Cluster			194,097	3,887,592
United States Department of Education Programs:				
Pass-Through New York State Education Department:				
Title I Grants to Local Education Agencies	84.010A	0021-23-4495	-	295,799
Title I Grants to Local Education Agencies	84.010A	0021-23-5465	-	151,666
Total Title I Grants to Local Education Agencies				447,465
English Language Acquisition State Grants	84.365A	0293-23-4495	-	49,183
English Language Acquisition State Grants	84.365A	0293-23-5465	-	20,087
Total English Language Acquisition State Grants				69,270
Supporting Effective Instruction State Grants	84.367A	0147-23-4495	-	49,793
Supporting Effective Instruction State Grants	84.367A	0147-23-5465	-	23,095
Total Supporting Effective Instruction State Grants				72,888
Student Support and Academic Enrichment program	84.424A	0204-23-4495	-	23,828
Student Support and Academic Enrichment program	84.424A	0204-23-5465	-	8,558
Total Student Support and Academic Enrichment program				32,386
COVID-19 - Education Stabilization Fund subprograms:				
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5891-21-4495	-	438,676
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5891-21-5465	-	62,978
Total COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund				501,654
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-4495	-	607,747
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-5465	-	318,763
Total COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)				926,510
Total COVID-19 - Education Stabilization Fund subprograms			-	1,428,164
<i>Total United States Department of Education Programs</i>			-	2,050,173
United States Department of Agriculture Programs:				
Pass-Through New York State Education Department:				
COVID-19 - Pandemic EBT Administrative Costs	10.649	280201860934	-	2,512
<i>Total United States Department of Agriculture Programs</i>			-	2,512
Federal Communications Commission Programs:				
Pass-Through Universal Service Administrative Company:				
COVID-19 - Emergency Connectivity Fund Program	32.009	Not available	-	280,000
<i>Total Federal Communications Commission Programs</i>			-	280,000
Total Expenditures of Federal Awards			\$ 194,097	\$ 6,220,277

See accompanying notes to schedule of expenditures of federal awards.

THE ACADEMY CHARTER SCHOOL

Notes to the Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

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, 2023. 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, 2023, 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, 2023.

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.

NChing LLP

New York, New York
October 31, 2023

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, 2023. 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, 2023.

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, 2023

THE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
 For the year ended June 30, 2023

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
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program
	COVID-19 Education Stabilization Fund subprograms:
84.425D	COVID-19 Elementary & Secondary Education Schools Emergency Relief (ESSER) Fund
84.425U	COVID-19 American Rescue Plan – Elementary & Secondary Education Emergency Relief (ARP-ESSER)

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, 2023

Section II – Financial Statement Findings

None

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, 2023

Financial Statement Findings

2022-001 - 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. The pandemic has exacerbated this situation. 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.

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

Questioned Costs: N/A

Views of Responsible Officials and Planned Corrective Actions: See page 38

2023 Follow up: Condition still exists.

Federal Award Findings and Questioned Costs

None

THE ACADEMY CHARTER SCHOOL

Corrective Action Plan

For the year ended June 30, 2023

2022-001 – 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.