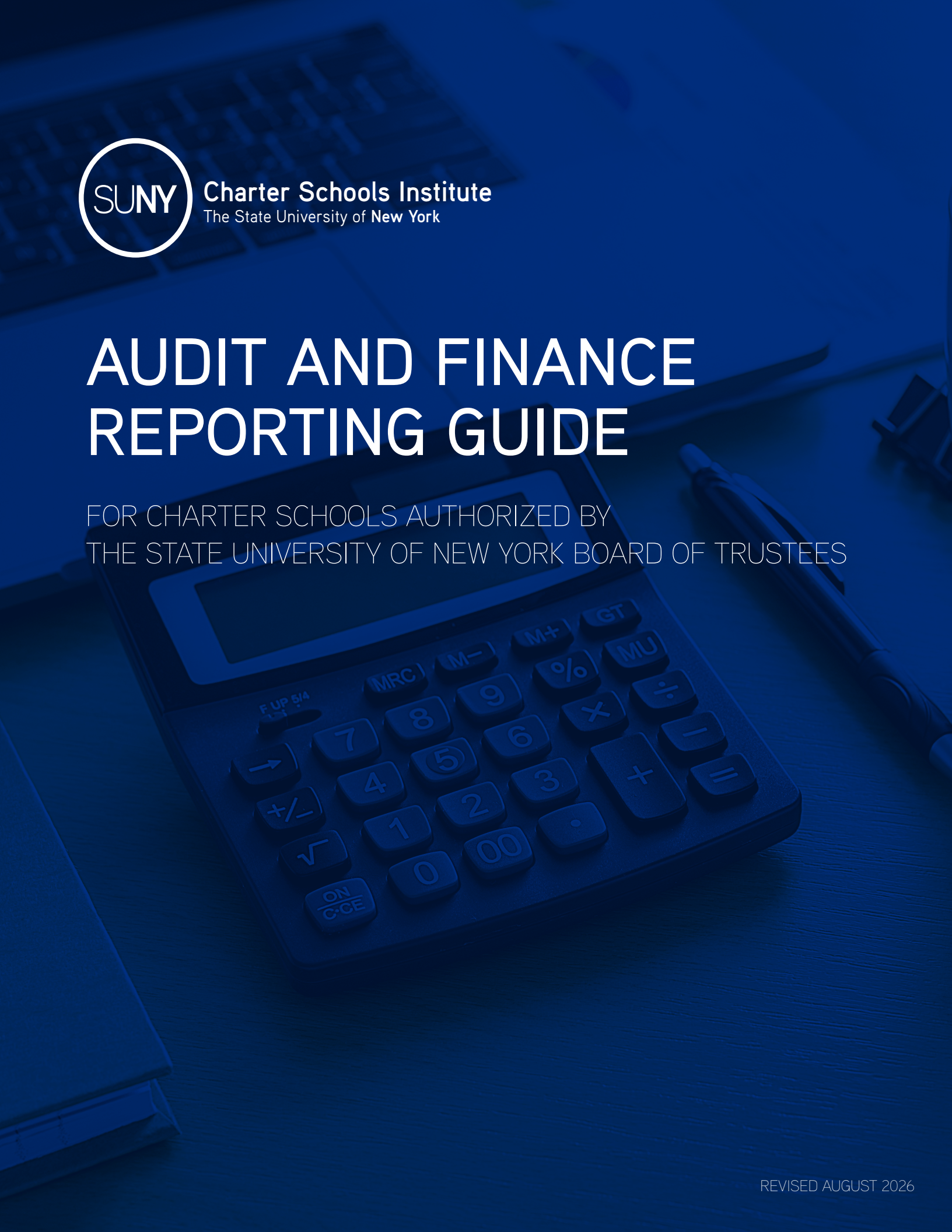


SUNY Charter Schools Institute
The State University of New York

AUDIT AND FINANCE REPORTING GUIDE

FOR CHARTER SCHOOLS AUTHORIZED BY THE STATE UNIVERSITY OF NEW YORK BOARD OF TRUSTEES

REVISED AUGUST 2026

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Introduction

In New York State, charter schools are defined as "independent and autonomous public schools" [New York Education Law § 2853(1)(c)] and are authorized by the New York Charter Schools Act of 1998 (Article 56 of the Education Law, (the "Act")). New York charter schools are legally organized as not-for-profit education corporations [Education Law § 2853(1)] incorporated by the New York State Board of Regents (the "Board of Regents") and are subject to the terms of a contractual agreement, or charter, between the school and the chartering entity which approved the school's application for a charter. Charter schools are non-sectarian, tuition-free, open to all students eligible for admission to other public schools, governed by the education corporation's own self-selecting board of trustees, and independent of existing school districts.

About the Revised Audit Guide

The SUNY Charter Schools Institute (the "Institute") developed this Audit Guide (the "Guide") in 2019 to provide assistance to auditors of charter schools authorized by SUNY; boards of trustees, their financial committees and officers; and, leadership, and financial and operations staff in education corporations and charter management entities who assist with the preparation of materials for audits. The Institute designed the Audit Guide to assist school leadership and board members in understanding the basic requirements and limitations of the annual audit and other financial reporting obligations.

This version of the Audit Guide is designed to: First, update the original 2019 Guide and delineate all required audit contents, schedules, supplemental information, disclosures, and Notes, to include new requirements effective starting with FY 2026 audits. Second, to summarize Annual Budget submission requirements, quarterly and annual financial reporting requirements, effective for FY 2027. Third, to describe the continued use of current fiscal dashboards for charter renewal purposes and to introduce Institute-issued Annual Financial Accountability Reports, effective in FY 2027.

The primary goals of this Audit Guide are to assist charter school operators and independent auditors in ensuring accountability over public funds; to provide suggested formats for the financial statements and supplemental schedules; and to clearly delineate required content for audits, annual budget submissions, and quarterly and annual financial reporting, effective July 1, 2026. The Institute encourages school leadership and governing Board members to read the Guide in order to gain a better understanding of the focus of independent auditors and, accordingly, accounting and reporting requirements.

AN INDEPENDENT AUDITOR SHOULD NOT CONSIDER THIS DOCUMENT TO BE ALL-INCLUSIVE OR A SUBSTITUTE FOR PROFESSIONAL JUDGEMENT. AUDITORS MUST FOLLOW PROFESSIONAL STANDARDS, SOME OF WHICH ARE REFERENCED IN, BUT NOT REPEATED AS PART OF, THIS DOCUMENT.

Background and Authoritative Nature

Under the terms of a SUNY charter, an education corporation must follow the audit requirements set forth in the charter agreement. This Guide provides standardized guidance to auditors of SUNY authorized charter schools for the purpose of ensuring that audits are performed in accordance with charter agreement disclosure and reporting requirements and that newly authorized educational corporations comply with pre-opening Agreed Upon Procedures.

This Guide has been updated in response to a variety of factors with potential financial implications that are affecting charter schools in New York State.

Responsibilities for monitoring the use of public funds necessitate a very high level of audit quality. By issuing this Guide, the Institute intends to enhance understanding of the financial reporting requirements for charter schools in SUNY's portfolio, explain certain SUNY specific audit and financial reporting requirements, and foster standardized reporting of annual audit results and findings on the part of education corporations.

Initial Statement of Controls and Agreed Upon Procedures / Retention of a CPA or Independent Auditor (Requirement for Newly Authorized Education Corporations)

Initial Statement of Controls

In accordance with section 5.1 of a school's charter, an education corporation which is the recipient of a newly approved charter must provide an Initial Statement concerning the status of management and financial controls no later than sixty (60) days from the date the charter was issued by the Board of Regents. The Initial Statement must stipulate that the education corporation has developed and implemented adequate financial management procedures and internal controls, relating to:

1. Preparing and maintaining financial statements and records in accordance with Generally Accepted Accounting Principles ("GAAP");
2. Payroll procedures;
3. Accounting for contributions and grants;
4. Procedures for the creation and review of quarterly financial statements, which shall specifically identify the individual(s) who will be responsible for preparing and reviewing such financial statements;
5. Appropriate internal financial controls and procedures;
6. Safeguarding of assets including cash and equipment;
7. Compliance with applicable laws, rules, and regulations;
8. ensuring that the purchasing process results in the acquisition of necessary goods and services at the best price;
9. Following appropriate guidance related to budget development and administration; and,
10. Following appropriate guidance related to a code of ethics and cash management and investments.

The Initial Statement of Controls must be reviewed and ratified by the education corporation's board of trustees prior to its submission to SUNY and accompanied by a CPA prepared Agreed Upon Procedures Report as next described.

Agreed Upon Procedures Report on the Initial Statement

After completing the Initial Statement, an education corporation must retain an independent CPA licensed in New York State to perform an agreed-upon procedures engagement (the "Independent Accountant's Agreed Upon Procedures Report") in accordance with attestation standards established by the AICPA. The purpose of the engagement is to evaluate the Initial Statement and the procedures, policies and practices established thereunder. The engagement shall commence within forty-five (45) days after the date on which the charter school has received its charter. SUNY recommends that an engagement commence sooner if the education corporation has disbursed more than $50,000 in monies received from payments from school districts, under § 2856 of the Education Law, or from grants or other revenue sources. A sample of SUNY's standard Agreed Upon Procedures format is contained in Appendix A.

The resulting Independent Accountant's Agreed Upon Procedures Report should be provided to the education corporation's board of trustees no later than forty-five days (45) after the commencement of such engagement with a copy submitted concurrently to SUNY. In the event that the Independent Accountant's Report reveals that any required or necessary management and financial controls are not in place, the education corporation shall remedy such deficiencies no later than forty-five (45) days from the date the Independent Accountant's Report was received by the board of trustees; and the education corporation shall subsequently provide to SUNY within that forty-five (45) day period a separate statement confirming that all deficiencies identified in the Independent Accountant's Report have been corrected, including the date corrections were made and who is responsible for implementing the corrections. The statement shall summarize steps taken to correct the identified deficiencies. The school may be required to submit additional evidence to verify the correction of all such deficiencies. All documents required to be submitted shall be submitted electronically in accordance with guidance provided by SUNY.

Section 1: Audit Report Requirements and Deadlines

In accordance with the charter agreement, the education corporation shall retain an independent Certified Public Accountant ("CPA"), licensed in New York State, to perform an audit of the education corporation's annual financial statements in accordance with Generally Accepted Accounting Standards (GAAS) and Generally Accepted Accounting Principles (GAAP) issued by the Comptroller General of the United States as well as any additional requirements and guidelines provided by SUNY and the Board of Regents (with respect to CSP). Education corporation annual audits must be submitted by November 1st.

Audit Report Contents

Effective starting FY 2026-27, audit reports, prepared by an independent CPA, must contain or be accompanied by the following components:

- Opinion on Audited Financial Statements (i.e., Auditor's Opinion Letter);
- 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;
- Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Uniform Guidelines (the "Single Audit Report" for Federal Funds);
- Management and/or Advisory Letters Addressed to the Education Corporation's Board of Directors; and,
- Notes to Financial Statements

Audit reports must contain the following Financial Statements and Schedules

- Balance Sheet – See Appendix B for a sample template
- Statement of Activities (i.e., Income Statement) – See Appendix B for a sample template
- Statement of Cash Flows – See Appendix B for a sample template
- Statement of Functional Expenses – See Appendix B for a sample template
- Adjusted Lease and Debt Service Coverage Ratio Calculation – See Appendix B for the prescribed PDF template

Please note that audited statements and schedules must include, at minimum, all line items that are contained in linked Institute prescribed templates.

Audit Reporting and Disclosure Requirements (Effective for FY 2026-27 Audits)

To facilitate implementation of an Annual Financial Accountability Report process beginning in FY 2026-27 (and described in Section 3 of this Guide), the Institute will henceforth require annual audit reports to include certain financial information, schedules, and notes that will assist the Institute with accurately calculating and assessing key financial metrics and ratios, and to perform financial risk assessments.

Starting with FY 2026-27 audits, independent audit reports and/or management letters must contain the following information and disclosures, most of which are now typically included in annual audit reports but henceforth will be standard audit requirements.

Enrollment Reporting

Audit reports must include, either as a distinct note in the financial statements or in a supplemental schedule, a comparison of each education corporation's actual enrollment to the approved budgeted enrollment and to the charter approved enrollment cap.

Grants Released from Restriction

Audit reports must distinguish between restricted and unrestricted grants and funds. All grants released from restriction during an audit period must be included as a revenue line item on an Income Statement (Statement of Activities) revenue line item. In addition, the presentation of cash and/or Investment balance sheet line items must distinguish between “Without Donor Restrictions” and “With Donor Restrictions”. See Appendix C for a sample presentation.

Capital Assets (Property and Equipment), Net Capital Assets, and Annual and Accumulated Depreciation

A table or summary included in Notes to Financial Statements reporting at the education corporation level Capital Assets (i.e., Property and Equipment), Accumulated Depreciation, and Net Capital Assets and annual depreciation expenses – actual amounts for the current audit and prior fiscal year, and projected amounts for each of the next five years. Tables must distinguish between facilities-related and non-facilities capital assets. See Appendix C for a sample Note.

Total Debt Service Payments

A table or summary included in Notes to Financial Statements reporting at the education corporation level total annual debt service payments broken out by interest and principal payments and specifying actual payments during the most recently completed and previous fiscal years (FY 2025-26 and FY 2024-25); anticipated annual payments for each of the next five fiscal years (FY 2026-27 – FY 2030-31); and total outstanding payments for FY 2030-31 and thereafter until maturity. In addition, the table or summary must disclose deferred or reduced interest and/or principal payments, and the amounts thereof, for any applicable fiscal year. An Audit Note must also disclose instances of Debt Payment Defaults – whether a technical or substantive default and indicate whether covenants triggering a default were waived. See Appendix C for a sample Note.

Leases (Right to Use Assets and Liabilities)

A distinct Note to Financial Statements disclosing Operating and Other Leases in detail and summarizing Right-to-Use Assets and related Liabilities. Audited financial statements for most if not all education corporations that are now leasing space from a related or unrelated entity, whether lease aid eligible or not, already contain one or more Notes summarizing leases, though formats and content vary. See Appendix C for a sample Note. Starting with FY 2026 audits reports, lease related Notes must also disclose if lease payments have been late at any time during the audit period or are overdue at the end of the fiscal year.

Education corporations should account for leases in accordance with FASB Accounting Standards Codification Topic 842 ("ASC 842"). ASC 842 generally requires a lessee to recognize right-of-use ("ROU") assets and corresponding lease liabilities on the statement of financial position for operating and finance leases. An education corporation may elect not to recognize ROU assets and lease liabilities for qualifying short-term leases with terms of 12 months or less.

For operating leases, a single lease cost is generally recognized on a straight-line basis over the lease term, and related cash payments are generally classified as operating activities. For finance leases, amortization of the ROU asset and interest on the lease liability are recognized separately, with principal payments generally classified as financing activities.

When the statement of cash flows is prepared using the indirect method, noncash lease activity should be appropriately reflected in reconciling the change in net assets to net cash provided by or used in operating activities and should not be netted with the change in operating lease liabilities or other line item.

The audited financial statements should include the applicable quantitative and qualitative disclosures required by ASC 842, including, but not limited to, information regarding the nature of lease arrangements, operating and finance lease costs, cash paid for amounts included in the measurement of lease liabilities, weighted-average remaining lease terms and discount rates, and a maturity analysis of lease liabilities. Significant lease terms, policy elections, renewal or termination options, and significant judgments should also be disclosed when applicable.

In accordance with ASC 842-20-50-4(g)(2), education corporations should also disclose, separately for operating and finance leases, supplemental noncash information regarding ROU assets obtained in exchange for lease liabilities during the reporting period. This information may be presented with the statement of cash flows or in the lease-related notes to the audited financial statements, as appropriate.

Statement of Functional Expenses

A Separate Supplementary Statement of Functional Expenses at the education corporation level. This is an existing audit requirement. However, starting with FY 2026/2027 audit, the Institute will require specific line items to be included in the Supplementary Statement. See Appendices A & C for a sample of a Supplemental Statement of Functional Expenses that includes all required line items, effective for FY 2026-27.

Disclosure of Inter-organizational Payables and Receivables (Including Loans)

Audits for education corporations that consist of multiple charters or schools will be required to include consolidated Balance Sheets (i.e., a Consolidated Statement of Financial Position) at the education corporation level and a separate Schedule (i.e., Consolidating Statements of Financial Position) reporting at the individual charter or school levels. Both Balance Sheet presentations must include, if applicable, inter-organizational receivables and payables (including inter-organizational loans). See Appendix C for samples of a Consolidated Balance sheet, a Consolidating Statement of Financial Position, and Notes to Financial Statements summarizing inter-organizational transactions and activities.

In-Kind Revenues and Expenses

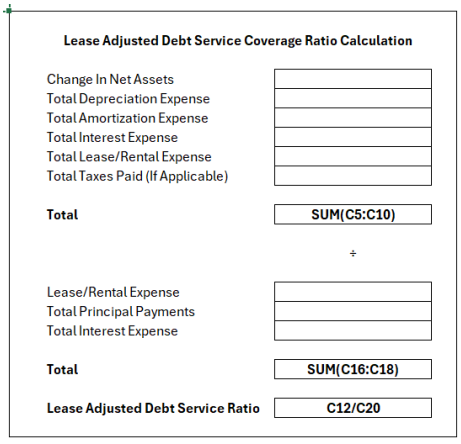
Audits for education corporations must disclose In-Kind Revenues and Expenses as follows:

- As specific line items on a consolidated education corporation balance sheet (i.e., a Combined Statement of Activities).
- As specific balance sheet line items at the charter or school level (i.e., a Consolidating Statement of Activities by Charter).
- As one or more distinct Notes to Financial Statements, with such notes indicating in-kind valuation methodology.

See Appendix C for a sample Consolidated Statement of Activities and Change in Net Assets, a Combined Statements of Activities and Net Assets by Charter, and a Note to Financial Statements, In-Kind Contributions.

Lease Adjusted Debt Service Coverage Ratio

Audits for education corporations must contain a distinct Note and/or Schedule provided by the auditor that is necessary for the calculation of coverage ratios and in the following format:



Lease Adjusted Debt Service Coverage Ratio Calculation	
Change In Net Assets	
Total Depreciation Expense	
Total Amortization Expense	
Total Interest Expense	
Total Lease/Rental Expense	
Total Taxes Paid (If Applicable)	
Total	**SUM(C5:C10)**
	÷
Lease/Rental Expense	
Total Principal Payments	
Total Interest Expense	
Total	**SUM(C16:C18)**
Lease Adjusted Debt Service Ratio	**C12/C20**

Annual Audit Submission – Required Process

On November 1 of each year, SUNY authorized charter schools must submit the audited financial statements prepared by an independent auditor and all related management and/or advisory letters prepared by the auditor.

Education Corporations are responsible for ensuring that all audit requirements (described in this Guide) are met, specifically the provision of management and/or advisory letters, and for cross-checking the completed submission to the audited financial statements to ensure completeness and accuracy in reporting.

The annual audited financial statements are submitted on the SUNY Compass platform and are cross-checked and verified by the Institute's Finance Department to ensure accuracy of reporting. Data from each education corporation's submissions are the basis for preparation of the SUNY Fiscal Dashboard. The SUNY Fiscal Dashboard is available to education corporations within their Compass log-in.

The audit submission contains a statement of financial position, statement of activities, statement of cash flows, statement of functional expenses, and Lease Adjusted Debt Coverage Ratio.

The chart below delineates audit submission requirements by type of education corporation.

Requirements	Stand Alone Education Corporation	Non-Surviving School within a Multi-School Education Corporation*	Surviving School within a Multi-School Education Corporation*
Education Corporation Statement of Financial Position	X		X
Education Corporation Statement of Activates	X		
Education Corporation Statement of Cash Flows	X		X
Education Corporation Statement of Functional Expenses	X		
Education Corporation Lease Adjusted Debt Service Coverage Ratio	X		X
School Level Statement of Activities		X	X
School Level Statement of Functional Expenses		X	X

*When applicable, the SUNY Compass platform will determine the 'Surviving School' within an education corporation. This does not have any specific school connotation, rather it is used to organize which submissions are required per school within a multi-school education corporation.

Once audits are submitted, SUNY's Compass data platform generates the following financial metrics for purposes of SUNY financial analysis:

- Months of Cash on Hand;
- Fiscal Responsibility Composite Score;
- Debt to Asset Ratio;
- Current Ratio;
- Lease Adjusted Debt Service Coverage Ratio;
- EBIDTA Margin Percentage; and,
- Operating Margin Percentage.

Section 2: New and Revised Annual Budget Submission and Quarterly and Annual Reporting Requirements (Effective Starting in FY 2026-27)

Overview

Based on SUNY internal review, and with input from external thought partners, the Institute intends to implement certain changes starting in FY 2027 to annual budget submissions and quarterly reporting.[1]

These changes have a threefold purpose:

- To better align the content and reporting templates for annual budgets, quarterly financial reports, and annual independent audits;
- To make the Institute's financial submission and reporting processes more user friendly – by avoiding or reducing unnecessary reporting and duplicative reporting; and
- To enhance the effectiveness of our financial monitoring and oversight.

Upon implementation of these changes, the Institute will have more access to real-time financial information. This will allow us to better track actual financial performance vs. annual budgets (for the current fiscal year and over time) using our Compass data platform, institutionalize an Annual Financial Accountability Report process, assist charters in our portfolio with taking necessary corrective actions, and fairly assess the progress and success of financial sustainability plans and troubleshooting strategies.

The following narrative summarizes changes in requirements and financial templates effective with submission of FY 2026-27 approved budgets.

Annual Budget Submission

Annual budget submission requirements will continue to include: a projected enrollment tab, a projected staffing tab, and a projected statement of activities (i.e., Budget and Operation Plan), all of which roll up into Cash Flow Adjustments and Ending Cash Balances projections. Projected balance sheets will no longer be required as a component of annual budget submissions. This is because projected balance sheets for the forthcoming fiscal year based on current year unaudited balance sheets are often inaccurate and therefore of limited usefulness.

Annual budget submissions will continue to be accompanied by budget narratives responding to a prescribed set of Institute-provided questions. Institute-prescribed budget questions have been updated effective for the FY 2026-27 annual budget submission in order to prompt education corporations to describe or disclose current financial status and trends, identify existing or anticipated financial challenges and/or vulnerabilities, state specific and critical underlying budget assumptions, articulate planned cuts or adjustments to spending and/or projected

[1] Some of the Institute's annual and quarterly budget and financial reporting requirements (including submission dates) are statutorily driven and cannot be altered.

revenues, and summarize actions being taken to address financial challenges caused by enrollment declines or other factors.

Enrollment data will be provided as follows: budgeted enrollment for the forthcoming fiscal year; projected enrollment for the following two fiscal years; and charter cap (maximum) enrollment.

Education corporations that are facing severe financial challenges or are planning to operate at a deficit may be required to submit, as an addendum to the required annual budget submission, an accompanying narrative describing and quantifying a pathway to short- and longer-term financial sustainability. In such cases, education corporations may suggest specific financial performance metrics (in addition to those now used by the Institute) by which financial performance and strategies to address financial challenges can be fairly evaluated by the Institute. We are offering this flexibility to incentivize dialogue and thereby stimulate cooperative processes with education corporations that are attempting to address financial challenges, and to ensure education corporations are not unduly penalized for making tough decisions or taking difficult actions.

Appendix D contains the SUNY revised annual budget and enrollment submission documents and updated Budget Narrative Questions.

Quarterly Unaudited Financial and Enrollment Reporting

Quarterly financial reporting will consist of:

- Reporting at the school level balance sheet and statement of activities line items and actual enrollment;
- The single change from current practice (and templates) will be a new “below-the-line” feature: “Cash Flow Adjustments and Ending Cash Balances” aligned to the Annual (Yearly) Budget and Enrollment submission documents;
- It is our assumption that the aggregate of unaudited quarterly financial submissions at the charter level will essentially mirror final audits for the fiscal year recently ended that are routinely prepared for independent auditors, and that enrollment information will align to data provided with annual budget submissions. Hence, continuing this fiscal year-end reporting requirement should not add to the workload of education corporation financial and other staff.

Appendix D templates for the SUNY revised quarterly reporting documents.

Annual Unaudited Financial Statements Reporting Requirements

The Institute has no separate end-of-fiscal year financial statements submission requirements. Financial reports submitted through the end of the fourth quarter of each fiscal year are sufficient.

SECTION 3: Financial Accountability and Oversight

Overview

Accurate, comprehensive annual independent audits that comply with all SUNY disclosure requirements (effective for FY 2026-27 audit submissions) are key elements of the Institute's ongoing financial oversight and assessment of financial performance results and trends for all Institute approved charters.

Starting in FY 2026-27 (and based on FY 2026-27 audits), SUNY will begin issuing Annual Financial Accountability Reports to education corporations in our portfolio. Audited financial statements Annual will be the primary basis for preparing Annual Financial Accountability Report; other sources will be quarterly unaudited financial reports and annual approved budgets and performance against budgets. Issuance of annual Financial Accountability Reports is intended to facilitate the Institute's financial monitoring and provide timely indicators of financial risks or challenges to the leadership and governance boards of education corporations.

The Annual Financial Accountability Reports will expand upon our current practice of issuing annual academic performance-focused Accountability Plan Progress Reports. Provision of Annual Financial Accountability Reports reflects our desire to continuously improve our financial oversight practices and tools, our communications, and our working partnerships with education corporations in our portfolio.

The Institute will also continue to assess financial performance, trends and status using our existing financial performance framework and metrics (i.e., financial dashboard). The Financial Performance Dashboard will evaluate financial performance for the most recent fiscal year and for all prior years of the current charter term against SUNY's financial performance metrics; Dashboards will be shared with all education corporations. Financial Performance Dashboards indicate progress vs. charter prescribed financial performance metrics and will continue to inform charter renewal decisions.

The following sections, respectively, summarize in brief for independent auditors the Annual Financial Accountability Reports and the Financial Performance Dashboards.

Annual Financial Accountability Reports

Charter schools throughout the country, and in many parts of New York State and in New York City, are experiencing or are likely to soon experience unprecedented financial and/or cash flow challenges stemming from a variety of factors including but not limited to:

- Declining enrollment
- Sporadic average daily attendance
- Cuts to or losses of federal funding
- Slower growth or no-growth in state per pupil revenues
- High or increasing facilities lease or debt leverage burdens
- Other unpredictable or uncontrollable circumstances.

Because of these factors, the financial performance and the balance sheet strength of some education corporations are likely to be adversely impacted over the next three to five years. Many education corporations (single schools, small or scaled networks) operating in New York have begun the difficult process of assessing financial challenges that must be confronted in the short- and longer-term and are accordingly developing "financial contingency" plans to ensure adequate annual operating margins and sustained financial viability. Contingency plans may, and in some cases will, include school or organizational downsizing, spending cuts at the individual school and overall organizational levels, closing or consolidating existing schools, mergers or consolidations (to include acquisitions by related or unrelated parties), or operating for one or more fiscal years with planned deficits and/or accelerated fundraising efforts.

The SUNY Charter School Institute (Institute), in our role as a public authorizer, is committed to supporting the efforts of education corporations in our portfolio to be fiscally responsible and to make tough financial decisions. It is critical that necessary corrective actions be recognized and appropriately evaluated education corporations facing financial risk, particularly independent schools and networks with limited financial reserves, should be encouraged to develop and execute financial contingency plans if they have not already done so. In some cases, failure to act on a timely basis could increase the magnitude of challenges that need to be addressed and reduce viable corrective action options.

Given the uncertainties that lie ahead for the next three to five years, the Institute requires new or additional audit report disclosures effective with FY 2027 audits, will issue an Annual Financial Accountability Report to all education corporations. The Annual Financial Accountability Reports will be derived, in large part, from current and previous audited financial statements, Notes, and disclosures, but will also reference (when applicable) current year approved budgets, unaudited quarterly financial reports, and SUNY Financial Performance Dashboards. Key quantitative indicators that Annual Financial Accountability Reports will evaluate include but are not limited to: Cash flow (changes in unrestricted cash and days cash); Unrestricted Cash and Investments – liquid and non-liquid; Actual Enrollment vs. budget and vs. chartered enrollment; Lease Adjusted and/or Debt Service Coverage ratio(s), and potential debt exposure. Annual Financial Accountability Reports will also incorporate certain qualitative factors, such as: Reliance on philanthropy and non-recurring public funds; failure to timely comply with financial reporting requirements; and/or significant audit-disclosed findings, conditions, and material weaknesses, particularly recurring findings and deficiencies.

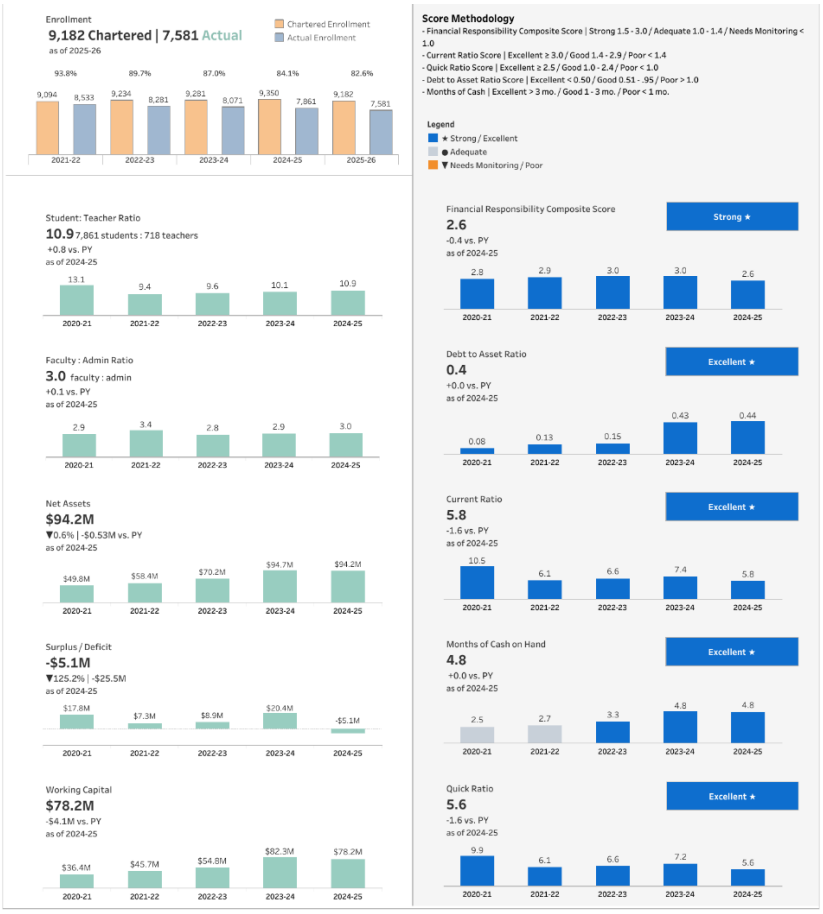
Education corporation recipients of Annual Financial Accountability Reports will be encouraged but not required to respond to SUNY's assessment of financial performance, trends, and overall financial condition. In instances where SUNY's analysis determines an education corporation is experiencing significant financial challenges or is trending in that direction, the Institute may issue a Supplementary Financial Accountability Report. Supplemental Financial Accountability Reports will summarize key issues of concern to the Institute, particularly related to short- or long-term financial sustainability.

Education corporations receiving a Supplementary Financial Accountability Report will be required to respond within a prescribed timeframe by providing a narrative describing in necessary detail financial improvement (corrective action) plans or strategies that address Institute-identified issues of concern and/or an education corporation's self-identified challenges. The Institute reserves the right to provide feedback, in response to improvement plans or strategies submitted by education corporations and/or to request revisions to, or clarification of, planned remedies. (For additional information, see separate SUNY issued guidance, "Financial Oversight and Accountability".)

In sum, we believe that issuance of Annual Financial Accountability Reports combined, when needed, with Supplemental Financial Accountability Reports identifying areas of concern, risks, and the need for corrective actions, will lead to timely, effective corrective actions and adjustments to financial plans and management and sustained financial viability of education corporations in our portfolio of authorized schools.

Financial Performance Dashboards

The Institute will continue to assess financial performance, trends and status using our existing financial performance framework and metrics (i.e., the Financial Dashboard).



At present, the Financial Dashboard consists of five scored metrics and six data points and presents data for each of the last five fiscal years / each year of the current charter term. Dashboard. Beginning in FY 2026-27, for newly authorized schools and for education corporations upon charter renewals, the Financial Dashboard will change slightly from the current version and consist of seven scored metrics and five data points:

- Metrics
  - Financial Responsibility Score
  - Months of Cash on Hand
  - Lease Adjusted Debt Service Coverage Ratio (LADSCR)
  - Current Ratio
  - Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) Margin Percentage
  - Operating Margin Percentage
  - Debt to Asset Ratio
- Data Points
  - Enrollment – Chartered against Actual as a Percentage
  - Net Assets
  - Working Capital
  - Operating Surplus Deficit
  - Earnings Before Interest Taxes Depreciation and Amortization (EBITDA)

Financial Dashboards (to which education corporations have direct access via Compass) will continue to be a key tool for performing and reporting assessment of financial performance.

SECTION 4: CHARTER SCHOOL SPECIFIC AUDIT REQUIREMENTS

The following procedures describe requirements specific to charter school audits that auditors should be cognizant of. These procedures are in addition to standard audit requirements and should not be used as substitutes.

See Appendix E for a sample Auditor Checklist for performing audits of SUNY authorized charter.

Cash

As part of the charter agreement, education corporations agree to establish a dissolution reserve fund account of no less than a set dollar amount as determined by SUNY. This amount is established to pay for legal and audit expenses that would be associated with a dissolution should it occur. The auditor should verify that the segregated or escrow account has been established, separately identify the fund in the financial statement balance sheet as well as document the fund in the notes to the financial statements, and determine that it is funded to at least the minimum level established in Section 8.9 of the charter agreement: http://www.newyorkcharters.org/wp-content/uploads/Model-Charter-July-2017.pdf.

- Seventy-five thousand dollars ($75,000) per school for each of the first two (2) schools operated by the education corporation to be funded, at a minimum, by reserving twenty-five thousand dollars ($25,000) per year during the first three (3) years of operation of each school; and,
- Twenty-five thousand dollars ($25,000) per school for each additional school operated by the education corporation to be reserved in the first year of operation of each school up to a maximum of three hundred and fifty thousand dollars ($350,000).

Accounts Receivable

When performing an audit of an education corporation, the auditor should confirm accounts receivable balances. AICPA Statement on Auditing Standards AU Section 330, *The Confirmation Process*, requires that the auditor use external confirmation procedures for accounts receivable unless the overall account balance is immaterial, external confirmations would be ineffective, or the auditor's assessed level of risk of material misstatement at the relevant assertion level is low.

Further guidance of confirmations can be found within AICPA Statement on Auditing Standards AU Section 326 *Audit Evidence* and AU section 505 *External Confirmation at:* http://www.aicpa.org/Research/Standards/AuditAttest/Pages/clarifiedSAS.aspx.

An education corporation's primary receivable is from public funding of charter school basic tuition due from the school district of residence of the students attending the charter school including Individuals with Disabilities Education Act ("IDEA") federal pass-through funding. Other sources of receivables include, but are not limited to, food service through USDA, E-Rate, or federal/state grants.

Food service receivable and revenues, if applicable to the education corporation, can be obtained through the NYSED Child Nutrition Knowledge Center at http://portal.nysed.gov/pls/cn. An auditor should consider using this free public information to confirm revenue and receivables. The auditor will need the SFA Name and LEA Code to look up the charter school reports that are available to the public (if you click "find" within the search window, a list of all New York State schools will display). The information can be used to verify the existence and completeness of the account balances.

Accounts Payable & Liabilities (Short- and Long-Term)

Auditors should confirm an education corporation's accounts payable and liabilities by performing a search for unrecorded liabilities, reconciling vendor statements to the general ledger, reviewing subsequent cash disbursements, and optionally sending direct external confirmations to major vendors, school districts, or education service providers. Specific areas of inquiry should include, but not be limited to:

- Inter-organizational and inter-governmental payables to related entities, Community School Districts, NYSED or federal grant pass-through entities.
- Accrued payroll and benefits for employees working under 12-month and teachers and other employees on 10-month contracts to confirm summer pay liabilities are accurately calculated and recorded.
- Management oversight – i.e., that invoices carry proper authorization signatures from authorized signatories.

Accrued Payroll and Benefits

Accrued payroll for a charter school education corporation is unique from other not-for-profit organizations as the teachers and many other staff members are 10- or 11-month employees versus typical 12-month employees at other organizations. Auditors must take into consideration that this expense should be fully accrued as of June 30, even if the teachers are being paid over the summer months, if their services have been completed as of June 30. Be aware of the timeframe of teacher contracts. Some contracts may cover the period from July 1 to June 30; therefore, the summer months pay should not be accrued as of June 30. In addition, auditors should consider whether other related expenses such as 401(k) contributions, taxes, and other benefits are expensed over the appropriate period.

Pension Obligations

Auditors should report all pension related expenses in accordance with GASB Statement No. 68, which requires participating charter schools to report their proportionate share of the state or local pension plan's net pension liability, pension expense, and related deferred outflows/inflows

of resources on their financial statements, and, accordingly, review all pension related information and disclose issues of non-payment and/or late payment of obligations.

Investments

Audited balance sheets should distinguish between unrestricted cash and short-term easily liquidated investments and less liquid longer-term investments.

Per-Pupil Funding

Testing of public per pupil revenues derived from student FTEs comprises a substantial portion of an education corporation's audit. Testing of per pupil revenues is generally broken down into three parts:

- Testing of student existence/enrollment and verification of attendance; and,
- Verification of funding rate accuracy per regular education student (determined by the student's resident district).
- Verification of funding rate accuracy per special education student (determined by eligibility)

Co-Locations

For charter schools co-located in NYCDOE space, audits must disclose any agreement in place with the local school district as well as any rent that is charged, including fees charged for after-school or weekend usage, and any payments related to utilities and maintenance of these facilities.

Management Fees

Management organizations are either CMOs, which are non-profit organizations, or education management organizations ("EMOs"), which are for-profit organizations. These organizations typically charge a management fee for the services provided. An auditor should obtain a copy of the agreement between the education corporation and the management organization, verify that the authorizer approved the agreement, and disclose management fees and other payments to the CMO or EMO that are in addition to base management fees.

Fraud Considerations

Information may come to the auditor's attention, which should be considered in identifying risks of material misstatement due to fraud. If an auditor discovers evidence of potential fraud, an auditor, pursuant to auditing standards—such as ISA 240 and PCAOB AS 2401— must

immediately re-evaluate the risk of material misstatement, apply targeted forensic procedures, and elevate the matter to the appropriate level of governance.

OMB Single Audit Clarification for Education Corporations that Operate More Than One Charter School

Audits for education corporations that include more than one charter (school) must contain an OMB Single Audit Clarification:

- If the education corporation has received and passed through to its schools $1,000,000 or more in federal funds.
- If a separate educational corporation expends over $1,000,000 or more in federal funds in total (whether received directly or through a pass-through entity) during the fiscal year.
- If an audit consolidates financial statement (more than one education corporation is being consolidated in accordance with GAAP), and if the consolidated education corporation expends $1,000,000 or more in federal funds.

SECTION 5: REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING, ON COMPLIANCE, AND ON OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Audits of education corporations must include a separate report on internal controls over financial reporting and on compliance with provisions of laws, regulations, contracts, and grant agreements that could have a material effect on the financial statements. The report on internal controls should be issued for any audit performed in accordance with GAAP, regardless of the results of the audit and whether or not there are any findings to report.

Internal Control over Financial Reporting

The audit must describe the scope of consideration of internal control over financial reporting. The auditor need not provide an opinion on internal control over financial reporting. However, any material weaknesses or significant deficiencies in internal control over financial reporting identified during the audit, or continuing from a previous year, must be cited. Deficiencies may include lack of controls in place over financial reporting such that significant audit entries were required or concerns regarding segregation of duties.

When deficiencies in internal control that are not significant are not included in the audit report the written communication to those charged with governance must be referred to within the Independent Auditor's Report on Internal Controls Over Financial Reporting in accordance with Government Auditing Standards, Section 7.19, Deficiencies in Internal Control.

Compliance with Provisions of Laws, Regulations, Contracts and Grant Agreements

As part of the financial statement audit, the auditor must determine whether the audited entity is in compliance with material provisions of laws, regulations, contracts, and grant agreements that could impact the financial statements. Any evidence of fraud or noncompliance found throughout the audit should be evaluated and cited as such.

Corrective Action Plan

The auditee's response to the finding(s) should be included in the audit report unless the auditee refuses to provide comments or is unable to provide them in a reasonable period of time. The auditee's response should include what actions will be taken to correct the finding, the date the actions were or will be implemented, and who is responsible for implementation. If auditee comments are not provided, the auditor should indicate in the report that the auditee did not provide a response.

Enrollment Reporting

An audit's enrollment reporting must disclose actual enrollment vs. approved budget enrollment and actual enrollment vs. the charter approved enrollment cap and additionally disclose whether the charter school has obtained written approval from SUNY prior to the following:

- Enrolling any student, who, if enrolled, would cause the charter school's enrollment to exceed the total maximum allowable enrollment of the charter school as set forth in the application for a charter (as amended to date).
- Commencing or continuing instruction where the total number of students enrolled is less than eighty percent (80%) or more than one-hundred twenty percent (120%) of the chartered enrollment for a given year as set forth in the application (as amended) or if the total enrollment is less than fifty (50) students.

Insurance Coverage

The auditor should obtain and disclose evidence that charter-required and other appropriate insurance is in place for each school or site being used by the education corporation.

APPENDICIES

Appendix A – Template for Independent Accountant's Report on the Initial Statement of Controls and Agreed Upon Procedures

CPA Letterhead

INDEPENDENT ACCOUNTANT'S REPORT ON AGREED UPON PROCEDURES

To the Board of Trustees of ABC Charter School:

We have performed the procedures enumerated below, which were agreed to by the management of ABC Charter School and the State University of New York ("SUNY") and the New York State Education Department solely to assist the specified parties in evaluating the Education Corporation's assertion to SUNY that it has financial controls in place for transactions outlined below. The school's management is responsible for these procedures. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose:

1. Preparing and maintaining financial statements and records in accordance with generally accepted accounting principles ("GAAP");
2. Payroll procedures;
3. Accounting for contributions and grants;
4. Procedures for the creation and review of quarterly and annual financial statements, which procedures shall specifically identify the individual(s) who will be responsible for preparing and reviewing such financial statements;
5. Appropriate internal financial controls and procedures;
6. Safeguarding of assets including cash and equipment;
7. Compliance with applicable laws and regulations;
8. Ensuring that the purchasing process results in the acquisition of necessary goods and services at the best price;
9. Following appropriate guidance relating to budget development and administration; and,
10. Following appropriate guidance relating to a code of ethics, and cash management and investments.

The procedures we performed, and the related results are as follows:

Procedure #1: We will obtain a copy of the Financial Policies and Procedures Manual ("FPPM") of the education corporation and read it to ascertain whether it includes accounting procedures for the preparation of the education corporation's financial statements in conformity with accounting principles generally accepted in the United States of America.

Result: We observed that…

Procedure #2: We will read the FPPM to ascertain whether it includes payroll procedures for the education corporation and determine whether the education corporation has hired an outside vendor to process the payroll.

Result: We observed that…

Procedure #3: We will read the FPPM to ascertain whether it includes procedures for accounting for contributions and grants.

Result: We observed that…

Procedure #4: We will identify and interview the person(s) responsible for financial management of the education corporation regarding the existence and understanding of procedures for the creation and review of interim and annual financial statements.

Result: We identified *(name, title)* as the person(s) responsible for financial management of the education corporation, and (s)he represented that…

Procedure #5: We will read the available trial balance and documentation supporting cash receipts, cash disbursements, and payroll expenses on a sample basis to observe the status of implementation of the accounting procedures.

Result: We observed that…

Procedure #6: We will interview the person(s) responsible for financial management of the education corporation regarding the existence and understanding of appropriate internal financial controls and procedures, including procedures related to ensuring that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported.

Result: We identified *(name, title)* as the person(s) responsible for financial management of the education corporation and (s)he represented that …

Procedure #7: We will interview the person(s) responsible for financial management of the education corporation regarding compliance with applicable laws and regulations and how they stay current with all laws and regulations. We will also obtain and review a copy of the education corporation's code of ethics.

Result: We identified *(name, title)* as the person(s) responsible for financial management of the education corporation and (s)he represented that …

Procedure #8: We will review the FPPM to ascertain whether it includes procedures for ensuring the purchasing process results in the acquisition of necessary goods and services at the best price.

Result: We observed that…

Procedure #9: We will interview the person(s) responsible for financial management of the education corporation regarding the existence of procedures for budget development and administration to determine if the education corporation is following appropriate guidance. We will obtain a copy of the most recent budget to determine if the budget was approved by the Board of Trustees of the education corporation.

Result: We identified *(name, title)* as the person(s) responsible for financial management of the education corporation and (s)he represented that … We observed that…

Procedure #10: We will read the FPPM to ascertain whether it includes procedures for ensuring the education corporation has procedures for cash management and investments, if applicable.

Result: We observed that…

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, on these procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of ABC Charter School, SUNY and the New York State Education Department, and it is not intended to be and should not be used by anyone other than the specified parties.

CPA Signature

Date

Appendix B – Required Audit Presentations: Sample Financial Statements and Schedules and Notes

- Balance Sheet

Balance Sheet

Assets			
Current Assets	Unrestricted Cash and Cash Equivalents		
	Restricted Cash		
	Short-Term Investments		
	Prepaid Expenses		
	Interorganizational Accounts Receivable		
	Grants and Contracts Receivable		
	Contributions and Other Receivables		
	Certificates of Deposit		
	Accounts Receivable		
	Total Current Assets	Total	
Other Assets	Property, Building, and Equipment Net		
	Other Assets		
	Other Long-Term Investments		
	Total Other Assets	Total	
Total Assets	Total Assets	Total	
Liabilities and Net Assets			Surviving Ed Corp Only
Current Liabilities	Accounts Payable and Accrued Expenses		
	Accrued Payroll and Benefits		
	Deferred Revenue		
	Current Maturities of Long-Term Debt		
	Short-Term Debt, Bonds, Notes Payable		
	Lease Liabilities		
	Other		
	Interorganizational Accounts Payable		
	Total Current Liabilities	Total	
Long-Term Liabilities	Deferred Rent		
	All Other Long-Term Debt and Notes Payable		
	Total Long-Term Liabilities	Total	
Total Liabilities	Total Liabilities	Total	
Net Assets	Without Donor Restrictions		
	With Donor Restrictions		
	Total Net Assets	Total	
Total Liabilities and Net Assets	Total Liabilities and Net Assets	Total	

➢ Statement of Activities

Statement of Activities

Revenue

Operating Revenue, Gains, and Other Support	District Per Pupil Revenue		
	District SPED Revenue		
	Grants and Contracts, State and Local		
	Grants and Contracts, Federal Title and IDEA		
	Grants and Contracts, Other Federal		
	Grants and Contracts, Other		
	NYC DOE Rental Assistance		
	In-Kind Revenue		
	Food Service and Child Nutrition Program		
	Total Revenue, Gains, and Other Support	Total	

Expenses

Operating Expenses	Program Services, Regular Education		
	Program Services, Special Education		
	Program Services, Other Programs		
	Management and General		
	In-Kind Expenses		
	Fundraising		All Schools
	Total Operating Expenses	Total	
Surplus/Deficit	Operating Surplus/Deficit	Total	

Support and Other Revenue

Support and Other Revenue	Contributions from Foundations		
	Contributions from Individuals		
	Contributions from Corporations		
	Fundraising		
	Interest Income		
	Miscellaneous Income		
	Net Assets Released from Restriction		
	Total Support and Other Revenue	Total	

Net Assets

Change in Net Assets	Net Assets Beginning of Year		
	Change in Net Assets	Total	
Net Assets	Net Assets End of Year	Total	

➢ Statement of Cash Flows

Statement of Cash Flows

Operating Activities	Change in Net Assets		
	School District Revenue		
	Accounts Receivable		
	Due from School District		
	Depreciation		
	Grants Receivable		
	Due from NYS		
	Grant Revenue		
	Prepaid Expenses		
	Accounts Payable		
	Accrued Expenses		
	Accrued Liabilities		
	Fundraising Contributions		
	Misc. Sources		
	Deferred Revenue		
	Interest		Surviving Ed Corp Only
	Cash Flow Lease Liability, Net ROU Asset		
	Net Cash Provided from Operating Activities	Total	
Investing Activities	Purchase of Equipment		
	Cash Flow Other Investing		
	Net Cash Provided from Investing Activities	Total	
Financing Activities	Principal Payments on LT Debt		
	Cash Flow Other Financing		
	Net Cash Provided from Financing Activities	Total	
Cash Beginning of the Year			
Cash and Cash Equivalents at End of Year		Total	

➢ Statement of Functional Expenses

Statement of Functional Expenses

	Program Services				Supporting Services				
	Regular Education	Special Education	Other Education	Total	Fundraising	Management	Total	Total	
Administrative Staff Personnel				Total			Total	Total	
Instructional Personnel				Total			Total	Total	
Noninstructional Personnel				Total			Total	Total	
Total Salaries and Staff				Total			Total	Total	
Fringe Benefits				Total			Total	Total	
Retirement				Total			Total	Total	
Management Company Fees				Total			Total	Total	
Legal Services				Total			Total	Total	
Accounting Audit Services				Total			Total	Total	All
Other Purchased Professional Consulting Services				Total			Total	Total	Schools
Building and Land Rent/Lease/Facility Finance Interest				Total			Total	Total	
Repairs and Maintenance				Total			Total	Total	
Insurance				Total			Total	Total	
Utilities				Total			Total	Total	
Supplies and Materials				Total			Total	Total	
Equipment and Furnishings				Total			Total	Total	
Staff Development				Total			Total	Total	
Marketing and Recruitment				Total			Total	Total	
Technology				Total			Total	Total	
Food Service				Total			Total	Total	
Student Services				Total			Total	Total	
Office Expense				Total			Total	Total	
Depreciation				Total			Total	Total	
Amortization				Total			Total	Total	
Other				Total			Total	Total	
Total				Total			Total	Total	

- Lease Adjusted Debt Service Coverage Ratio

LADSCR Required Coverage Data

Total Taxes Paid		Surviving Ed Corp Only
Total Depreciation Expense		
Total Amortization Expense		
Total Lease Payment Expense		
Total Principal Payments		
Total Interest Expense		
Change in Net Assets		

Appendix C: Required Audit Disclosures and Notes

- Release of Grants from Restrictions
- Capital Assets (Property and Equipment), Net Capital Assets, and Annual and Accumulated Depreciation
- Total Debt Service Payments
- Leases (Right to Use Assets and Liabilities)
- Statement of Functional Expenses
- Disclosure of Inter-organizational Payables and Receivables (Including Loans)
- In Kind Revenues and Expenses
- Lease Adjusted Debt Service Coverage Ratio

Appendix D: Education Corporation Required Submissions – Samples and Forms

- Annual Budget

Enrollment - School Level

		2026-27 Budgeted Enrollment		2026-27 Chartered Enrollment (For Reference)	2027-28 Anticipated Enrollment	2028-29 Anticipated Enrollment	
District 1	Select a District	Enrollment #	Projected Per Pupil Revenue	Enrollment #	Total Anticipated Enrollment #	Total Anticipated Enrollment #	All Schools
District 2	Select a District	Enrollment #	Projected Per Pupil Revenue				
District 3	Select a District	Enrollment #	Projected Per Pupil Revenue				
District 4	Select a District	Enrollment #	Projected Per Pupil Revenue				
District 5	Select a District	Enrollment #	Projected Per Pupil Revenue				

School Level Staffing

Administrative Staffing	Executive Management	# of Staff	
	Instructional Management	# of Staff	
	Deans, Directors, and Coordinators	# of Staff	
	Operations/Business Manager	# of Staff	
	Administrative Staff	# of Staff	
	CFO/Director of Finance	# of Staff	
	Total	Total	
Instructional Staff	Teachers	# of Staff	
	SPED Teachers	# of Staff	
	Teaching Assistants	# of Staff	
	Specialty Teachers	# of Staff	
	Therapists/Counselors	# of Staff	All Schools
	Aides	# of Staff	
	Other Instructional Personnel	# of Staff	
	Substitute Teachers	# of Staff	
	Total	Total	
Non-Instructional Personnel	Custodian	# of Staff	
	Security	# of Staff	
	Librarian	# of Staff	
	Nurse	# of Staff	
	Other Non-Instructional Personnel	# of Staff	
	Total	Total	
Total	Total Staff	Total	

Statement of Activities

Revenue

Federal Revenue	Charter School Program (CSP) Planning & Implementation	Projected $	
	Federal Title Revenues	Projected $	
	IDEA Revenues	Projected $	
	USDA & Child Nutrition Revenues	Projected $	
	Total	Subtotal	
State and Local Revenue	District Per Pupil Revenue	Projected $	
	District Special Education Revenue	Projected $	
	Other State and Local Revenue	Projected $	
	NYC DOE Rental Assistance	Projected $	
	Total	Subtotal	
Other Local Revenue	Donations and Contributions	Projected $	
	In-Kind Revenue	Projected $	
	Miscellaneous Income	Projected $	
	Philanthropic Non-Entitlement Grant Revenue	Projected $	
	Interest Income	Projected $	
	Total	Subtotal	
	Total Revenue, Gains, and Other Support	Total	All Schools

Expenses

Facility and Other Expenses	Depreciation and Amortization Expense	Projected $	
	In-Kind Expenses	Projected $	
	Interest Expense	Projected $	
	Lease or Rent Expense	Projected $	
	Total	Subtotal	
Program Service Expenses	Program Services, Other Programs	Projected $	
	Program Services, Regular Education	Projected $	
	Program Services, Special Education	Projected $	
	Total	Subtotal	
Supporting Service Expenses	Management and General	Projected $	
	Fundraising	Projected $	
	Total	Subtotal	
	Total Operating Expenses	Total	

Net Income

Net Income	Projected Net Income	Total

Budget Narrative

Narrative response addressing all questions asked by the Institute. Updated for FY 2026-27	All Schools

- Quarterly Financial Reporting Forms

Enrollment

District 1	Select a District	Enrollment #	Per Pupil Revenue	All Schools
District 2	Select a District	Enrollment #	Per Pupil Revenue	
District 3	Select a District	Enrollment #	Per Pupil Revenue	
District 4	Select a District	Enrollment #	Per Pupil Revenue	
District 5	Select a District	Enrollment #	Per Pupil Revenue	

Staffing

Administrative Staffing	Executive Management	# of Staff	All Schools
	Instructional Management	# of Staff	
	Deans, Directors, and Coordinators	# of Staff	
	Operations/Business Manager	# of Staff	
	Administrative Staff	# of Staff	
	CFO/Director of Finance	# of Staff	
	Total	Total	
Instructional Staff	Teachers	# of Staff	
	SPED Teachers	# of Staff	
	Teaching Assistants	# of Staff	
	Specialty Teachers	# of Staff	
	Therapists/Counselors	# of Staff	
	Aides	# of Staff	
	Other Instructional Personnel	# of Staff	
	Substitute Teachers	# of Staff	
	Total	Total	
Non-Instructional Personnel	Custodian	# of Staff	
	Security	# of Staff	
	Librarian	# of Staff	
	Nurse	# of Staff	
	Other Non-Instructional Personnel	# of Staff	
	Total	Total	

Statement of Activities

Revenue

Federal Revenue	Charter School Program (CSP) Planning & Implementation Federal Title Revenues IDEA Revenues USDA & Child Nutrition Revenues		
	Total	Subtotal	
State and Local Revenue	District Per Pupil Revenue District Special Education Revenue Other State and Local Revenue NYC DOE Rental Assistance		
	Total	Subtotal	
Other Local Revenue	Donations and Contributions In-Kind Revenue Miscellaneous Income Philanthropic Non-Entitlement Grant Revenue Interest Income		
	Total	Subtotal	
	Total Revenue, Gains, and Other Support	Total	All Schools

Expenses

Facility and Other Expenses	Depreciation and Amortization Expense In-Kind Expenses Interest Expense Lease or Rent Expense		
	Total	Subtotal	
Program Service Expenses	Program Services, Other Programs Program Services, Regular Education Program Services, Special Education		
	Total	Subtotal	
Supporting Service Expenses	Management and General Fundraising		
	Total	Subtotal	
	Total Operating Expenses	Total	

Net Income

Net Income	Projected Net Income	Total

Balance Sheet

Assets

Current Assets	Unrestricted Cash and Cash Equivalents		
	Restricted Cash		
	Short-Term Investments		
	Prepaid Expenses		
	Interorganizational Accounts Receivable		
	Grants and Contracts Receivable		
	Contributions and Other Receivables		
	Certificates of Deposit		
	Accounts Receivable		
	Total Current Assets	Total	
Other Assets	Property, Building, and Equipment Net		
	Other Assets		
	Other Long-Term Investments		
	Total Other Assets	Total	
Total Assets	Total Assets	Total	

Liabilities and Net Assets

Surviving Ed Corp Only

Current Liabilities	Accounts Payable and Accrued Expenses		
	Accrued Payroll and Benefits		
	Deferred Revenue		
	Current Maturities of Long-Term Debt		
	Short-Term Debt, Bonds, Notes Payable		
	Lease Liabilities		
	Other		
	Interorganizational Accounts Payable		
	Total Current Liabilities	Total	
Long-Term Liabilities	Deferred Rent		
	All Other Long-Term Debt and Notes Payable		
	Total Long-Term Liabilities	Total	
Total Liabilities	Total Liabilities	Total	
Net Assets	Without Donor Restrictions		
	With Donor Restrictions		
	Total Net Assets	Total	
Total Liabilities and Net Assets	Total Liabilities and Net Assets	Total	

Appendix E: Other Pertinent Information

- Auditor Checklist

Charter School: _____

Year Ended: _____

Compliance Checklist	Yes	No	N/A	Explanation
1. Applicable for schools in their first year of operations:				
a. Has the education corporation provided the initial statement of controls to SUNY?				
b. Was the initial statement of controls ratified by the Board prior to submission to SUNY?				
c. Has the auditor prepared and submitted the Agreed-Upon Procedures (AUP) report on the initial statement of controls to the education corporation?				
d. If there were any findings, has the education corporation remedied the findings within 45 days of the auditors' report?				
2. Applicable for both new and continuing schools:				
a. Have the financial statements been prepared on an accrual basis in accordance with GAAP?				
b. Has the audit been conducted in accordance with GAAS, and, if applicable, OMB Uniform Guidance?				
c. Do the financial statements include a statement of functional expenses?				
d. Do the financial statements disclose any facilities (including square footage), transportation services, or other services provided by the local district?				
e. Has the required report on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts and grant agreements been prepared?				
f. If the education corporation has expended over $750,000 in Federal Funds, has a Single Audit been completed?				

a. Has the education corporation obtained adequate insurance for liability, property loss and personal injury of students?				
b. Has the education corporation established and funded the dissolution reserve fund account in accordance with Section 8.9 of the Charter Agreement?				

- Single Audit Report Example

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Board of Trustees
[redacted]

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited [redacted] (the "School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2025. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the School as of and for the year ended June 30, 2025 and have issued our report thereon dated October 30, 2025 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the financial statements as a whole.

[redacted]

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with 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 the financial statements noted?	_____ yes __X__ no

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	_____ yes __X__ no
Significant deficiency(ies) identified?	_____ yes __X__ none reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)	_____ yes __X__ no

Identification of major federal programs:

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
84.282	[redacted]

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	__X__ yes ____ no

Section II – Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2025.

Section III – Federal Award Findings and Questioned Costs

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

- SUNY Fiscal Dashboard and Metrics



Note Fiscal Dashboard and Metrics to be updated as of FY 2026-27

Appendix F: Definition of Terms

AICPA - American Institute of Certified Public Accountants

ASC- Accounting Standards Codification

AUP- Agreed-Upon Procedures – Specific set of procedures performed by an independent accountant – typically referred to as the *AUP on the Initial Statement* or *AUP on CSP Grant*

BOT – Board of Trustees

CMO- Charter Management Organization- organized as a non-profit (similar to an EMO)

Compliance Supplement – Issued annually by the GAO, provides guidance in performing a Single Audit

CPA – Certified Public Accountant

CPE - Continuing Professional Education

CSP – Charter Schools Program

EMO- Education Management Organization – organized as a for-profit (similar to a CMO)

FASB – Financial Accounting Standards Board

FTE – Full Time Equivalent

GAAP- Generally Accepted Accounting Principles

GAAS- Generally Accepted Auditing Standards

GAO- United States Government Accountability Office

GAQC- Governmental Audit Quality Center – section of the AICPA which provides guidance to auditors in performing Governmental and Single Audits

IEP- Individualized Education Program – prepared for each special education student

Initial Statement – Initial Statement of Controls provided by the education corporation to SUNY and NYSED concerning the status of management and financial controls

NYCDOE – New York City Department of Education

NYSED – New York State Education Department

SEFA- Schedule of Federal Expenditures – included in financial statements audited in accordance with OMB Uniform Guidance

Single Audit – Audit conducted in accordance with OMB Uniform Guidance

SPED – Special Education

WLG – NYSED Weighted Lottery Generator



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