

Success Academy Charter Schools - NYC & Schedule of Activities &

Year ended June 30, 2017	MS Bronx 1		MS Bronx 2		MS Midtown West		MS Deed Stuy		MS Cobble Hill		Brooklyn		Far Rockaway		Flatbush		South Jamaica		HS Liberal Arts		MS Williamsburg		Success Academy Charter Schools - NYC	
	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted
Revenue and Support																								
State and local per pupil operating revenue	\$ 3,075,311	\$	\$ 3,314,174	\$	\$ 2,810,410	\$	\$ 2,479,942	\$	\$ 755,820	\$	\$ 2,175,221	\$	\$ 2,443,245	\$	\$ 2,294,422	\$	\$ 2,282,413	\$	\$ 3,272,607	\$	\$ 919,326	\$	\$ 210,584,340	\$
Contributions and private grants	143,545		242,074		595,648		452,919		451,722		960,546		815,304		958,777		846,183		649,813		479,685		15,202,467	
Donated services																							40,250	
Interest and other income	9,739		10,612		8,696		10,609				6,618		3,666		8,080		3,503		38,434		8,261		1,025,756	
Total Revenue and Support	3,228,595		3,571,800		3,414,774		2,942,470		1,207,543		3,142,385		3,262,215		3,261,279		3,132,099		4,415,854		1,407,272		227,557,036	
Expenses																								
Program services:																								
General education	3,541,627		3,522,090		3,193,776		3,255,289		1,357,314		2,395,894		2,415,671		2,350,563		2,484,353		7,061,451		1,401,690		184,131,784	
Special education	482,249		480,149		435,515		443,503		185,088		325,713		329,410		320,531		338,775		962,925		191,139		29,108,678	
Total Program Services	4,024,576		4,001,238		3,629,291		3,698,792		1,542,403		2,722,606		2,745,081		2,671,094		2,823,128		8,024,376		1,592,829		209,240,462	
Supporting services:																								
General and administrative	324,847		310,653		272,222		264,898		102,260		193,627		216,183		209,338		209,239		578,365		111,578		18,338,924	
Total Expenses	4,349,424		4,311,891		3,901,513		3,963,690		1,644,663		2,916,233		2,961,264		2,880,432		3,032,367		8,602,742		1,704,407		227,579,386	
Change in Net Assets Before Forgiveness of Debt	(1,120,829)		(740,091)		(486,739)		(1,017,620)		(437,120)		226,152		300,951		380,847		99,732		(4,186,888)		(297,135)		(22,550,100)	
Forgiveness of Debt (Note 4)																								
Change in Unrestricted Net Assets	(1,120,829)		(740,091)		(486,739)		(1,017,620)		(437,120)		226,152		300,951		380,847		99,732		(4,186,888)		(297,135)		(22,550,100)	
Net Assets, beginning of year	(934,087)		(723,227)		(689,015)		(241,196)		13,480		217,595		285,291		217,595		285,291		(2,075,229)		19,932		20,192,891	
Net Assets, end of year	(2,054,616)		(1,463,368)		(1,175,754)		(1,258,816)		(423,640)		443,747		586,242		598,442		385,023		(6,262,617)		(277,203)		21,170,341	

**Success Academy Charter Schools - NYC &
Schedule of Expenditures of Federal Awards &**

Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Passed through the New York State Education Department:				
Title I Grants to Local Educational Agencies (Title I Part A of the ESEA)				
Supporting Effective Instruction State Grants	84.010	Not Available	\$ -	\$ 5,480,170
Special Education Cluster (IDEA) Special Education - Grants to States (IDEA, Part B)	84.367	Not Available	-	1,942,946
	84.027	Not Available	-	1,427,733
Passed through the New York State Education Department:				
Passed through Success Academy Charter Schools, Inc.:				
Charter Schools - Grants for Replication and Expansion of High-Quality Charter Schools Program-CSP	84.282M	Not Available	-	3,135,846
Total U.S. Department of Education				11,986,695
U.S. Department of Agriculture				
Passed through the New York State Education Department:				
Child Nutrition Program Administration:				
Child Nutrition Cluster:				
National School Lunch Program (NSLP)	10.555	331400861107	-	1,971,007
School Breakfast Program (SBP)	10.553	331400861107	-	553,790
Total U.S. Department of Agriculture				-
Total Expenditures of Federal Awards			\$ -	\$ 14,511,492

The accompanying notes are an integral part of this schedule.

Success Academy Charter Schools - NYC

Notes to Schedule of Expenditures of Federal Awards & Year Ended June 30, 2018 &

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Success Academy Charter Schools-NYC (SACS-NYC) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the SACS-NYC, it is not intended to and does not present the financial position, changes in net assets or cash flows of SACS-NYC.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

3. Indirect Cost Rate

SACS-NYC has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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

To the Board of Trustees
Success Academy Charter Schools - NYC
New York, NY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Success Academy Charter Schools - NYC (SACS-NYC), which comprise the statement of financial position as of June 30, 2018, 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, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SACS-NYC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SACS-NYC's internal control. Accordingly, we do not express an opinion on the effectiveness of SACS-NYC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency or 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 may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether SACS-NYC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

October 31, 2018 !



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

To the Board of Trustees
Success Academy Charter Schools - NYC
New York, NY

Report on Compliance for Each Major Federal Program

We have audited Success Academy Charter Schools - NYC's (SACS-NYC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SACS-NYC's major federal programs for the year ended June 30, 2018. SACS-NYC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the SACS-NYC's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the SACS-NYC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of SACS-NYC's compliance.

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Opinion on Each Major Federal Program

In our opinion, SACS-NYC 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, 2018.

Report on Internal Control Over Compliance

Management of SACS-NYC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SACS-NYC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SACS-NYC's 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

BDO USA, LLP

October 31, 2018 !

Success Academy Charter Schools - NYC

Schedule of Findings and Questioned Costs & Year Ended June 30, 2018 &

Section 1. Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

Yes No

Identification of major federal programs:

CFDA Number !	Name of Federal Program or Cluster
84.010 !	Title I Grants to Local Educational Agencies (Title I Part A of the ESEA)
84.367 !	Supporting Effective Instruction State Grants

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

\$750,000

Auditee qualified as low-risk auditee?

Yes No

Section 2. Financial Statement Findings

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

Section 3. Federal Award Findings and Questioned Costs

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



**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018**

Status of Prior Year Financial Statement Findings under *Government Auditing Standards*:

None Noted

Status of Prior Year Findings Under *Uniform Guidance*:

Finding Number: 2017-001

Compliance Requirement: Reporting

Program:

Charter Schools (Public Charter Schools Program-CSP)

CFDA #: 84.282A

Contract Period: 7/01/2015 - 6/30/2017

Budget Periods: 7/01/2015 - 6/30/2016

7/01/2016 - 6/30/2017

Government Department/Agency:

U.S. Department of Education/New York State Education Department

Condition - During our compliance testing on reporting, SACS-NYC filed two final expenditure reports FS-10-F past the required due dates for the budget periods 7/01/2015 - 6/30/2016 and 7/01/2016 - 6/30/2017. The due dates for the FS-10-F reports were 9/28/2016 and 9/28/2017.

Current Year Status:

This finding has been corrected and is no longer an issue for the year ending June 30, 2018.

Updated Corrective Action:

The New York State Education Department accepted the FS-10s on December 19, 2017 and the grant was paid January 3, 2018.