

I. SCHOOL INFORMATION AND COVER PAGE

Created Thursday, July 18, 2013

Updated Thursday, August 01, 2013

Page 1

1. SCHOOL NAME

(Select School name from dropdown menu; BEDS # appears first)

310500860979 HARLEM SUCCESS ACAD CS 5

2. CHARTER AUTHORIZER

SUNY-Authorized Charter School

3. DISTRICT / CSD OF LOCATION

NYC CSD 5

4. SCHOOL INFORMATION

PRIMARY ADDRESS	PHONE NUMBER	FAX NUMBER	EMAIL ADDRESS
301 West 140th Street, 3rd Floor New York, NY 10030	646-380-2590	646-961-4731	MainOffice@SAHarlem5.org

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Contact Name	Amy Cruz
4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Title	Business Operations Manager
4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Emergency Phone Number (###-###-####)	

5. SCHOOL WEB ADDRESS (URL)

<http://www.successacademies.org/>

6. DATE OF INITIAL CHARTER

2010-02-01 00:00:00

7. DATE FIRST OPENED FOR INSTRUCTION

2010-08-01 00:00:00

8. TOTAL NUMBER OF STUDENTS ENROLLED IN 2012-13 (as reported on BEDS Day)

(as reported on BEDS Day)

9. GRADES SERVED IN SCHOOL YEAR 2012-13

Check all that apply

• K

• 1

• 2

• 3

10. DOES THE SCHOOL CONTRACT WITH A CHARTER OR EDUCATIONAL MANAGEMENT ORGANIZATION?

Yes/No	Name of CMO/EMO
Yes	Success Academy Charter Schools

10a. Please provide the name and contact information for each of the following individuals who are management level personnel associated with the CMO.

	Name	Work Phone	Alternate Phone	Email Address	Contact this individual also in emergencies
CEO (e.g., network superintendent)	Eva Moskowitz	[REDACTED]		[REDACTED]	Yes
CFO (e.g., network CFO)	Ryan Alexander	[REDACTED]		[REDACTED]	Yes
Compliance Contact	Emily Kim	[REDACTED]		[REDACTED]	Yes
Complaint Contact	Emily Kim	[REDACTED]		[REDACTED]	Yes

11. FACILITIES

Will the School maintain or operate multiple sites?

No, just one site.

12. SCHOOL SITES

Please list the sites where the school will operate in 2013-14.

	Physical Address	Phone Number	District/C SD	Grades Served at Site	School at Full Capacity at Site	Facilities Agreement
Site 1 (same as primary site)	301 West 140th Street, 3rd Floor New York, NY 10030	646-380-2590	CSD 5	K-4	Yes	DOE space
Site 2						
Site 3						

12a. Please provide the contact information for Site 1 (same as the primary site).

	Name	Work Phone	Alternate Phone	Email Address
School Leader	Khari Shabazz			
Operational Leader	Kurt Wilhelm			
Compliance Contact				
Complaint Contact				

14. Were there any revisions to the school’s charter during the 2012-2013 school year? (Please include both those that required authorizer approval and those that did not require authorizer approval).

Yes

15. Summary of Charter Revisions

	Category (Select Best Description)	Specific Revision (150 word limit)	Date Approved by BOT (if applicable)	Date Approved by Authorizer (if applicable)
1	Other	An amendment to merge the school with Success Academy Harlem 1, Success Academy Harlem 2, Success Academy Harlem 3, and Success Academy Harlem 4, with Success Academy Harlem 3 as sole successor, was finalized. The successor education corporation was renamed Success Academy Charter Schools – NYC.	02/2012	04/2012
2				
3				
4				
5				

16. Our signatures below attest that all of the information contained herein is truthful and accurate and that this charter school is in compliance with all aspects of its charter, and with all pertinent Federal, State, and local laws, regulations, and rules. We understand that if any information in any part of this report is found to have been deliberately misrepresented, that will constitute grounds for the revocation of our charter. Check **YES** if you agree and use the mouse on your PC or the stylist on your mobile device to sign your name).

• Yes

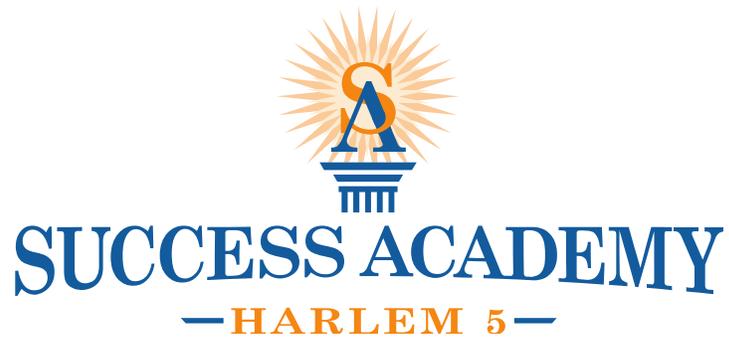
Signature, Head of Charter School

A handwritten signature consisting of the letters 'S' and 'A' in a stylized, cursive font. The 'S' is a simple loop, and the 'A' has a sharp peak and a horizontal crossbar.

Signature, President of the Board of Trustees

SC

Thank you.



**Success Academy Charter
School – Harlem 5**

**2012-13 ACCOUNTABILITY
PLAN
PROGRESS REPORT**

Submitted to the SUNY Charter Schools Institute on:

September 23, 2013

By Jeff Erickson

301 West 140th St., 3rd Floor
New York, NY 10030
646-380-2590

Jeff Erickson, Director of Data Reporting, prepared this 2012-13 Accountability Progress Report on behalf of the school's board of trustees:

Trustee's Name	Board Position
Samuel Cole	Chairperson
Bryan Binder	Vice-Chairperson
Scott Friedman	Treasurer
Greg Sawers	Secretary
Jay Bryant	
Sam Chainani	
Donna Kennedy	
Lance Rosen	
Cate Shinker	
Khadijah Pickel	Parent Representative

Stacey Apatov served as the school leader in 2012-13.

INTRODUCTION

The mission of Success Academy Charter School – Harlem 5 (“SA Harlem 5”) is to provide students in New York City with an exceptionally high-quality education that gives them the knowledge, skills, character, and disposition to meet and exceed New York State Common Core Learning Standards and the resources to lead and succeed in school, college, and a competitive global economy.

School Enrollment by Grade Level and School Year

School Year	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
2009-10														
2010-11	84	104												188
2011-12	57	85	107											249
2012-13 ¹	79	77	91	86										333

ENGLISH LANGUAGE ARTS

Goal 1: English Language Arts

Students will demonstrate proficiency in reading, writing, and comprehending the English language.

Background

Believing that all students can succeed, SA Harlem 5 goes above and beyond Common Core standards. SA Harlem 5 uses THINK Literacy, a comprehensive balanced literacy program, in all grades. THINK Literacy was developed in-house by the Instructional Management team at Success Academy Charter Schools, the charter management organization. There are many components of THINK, including Shared Text, Guided Reading, Read Aloud with Discussion, Reading Workshop, and Writing Workshop. During Shared Text, the teacher displays a text and the whole class reads and analyzes it together, giving students practice interpreting brief, engaging texts. During Guided Reading, the teacher works with a small group of students to read and comprehend a book that is one level above what they can read and understand independently. During Read Aloud with Discussion, the teacher models the internal thinking that excellent readers exhibit, and students discuss their ideas about the book with their classmates. During Reading Workshop and Writing Workshop, students internalize key aspects of great reading and writing, through direct instruction, independent work, and partner work. All THINK components press students to read, write, think, and speak with clarity and precision.

¹ Enrollment numbers are current as of April 29, 2013. Per instruction from SUNY, enrollment numbers reflect originating charters.

In kindergarten and first grade, students also receive extensive phonics instruction. This early literacy curriculum is modeled on an enhanced version of Success For All (SFA), which has a proven track record in urban schools and has been implemented in 1,300 schools around the United States.

Students are assessed in reading regularly. They progress to the next instructional reading level when ready. Thus, children are assigned to appropriate reading levels based on reading performance, not age or grade.

SA Harlem 5 enforces specific protocols for how it collects, distributes, and analyzes data. These protocols work to help teachers and school leaders freely access information in real-time. In a fast-paced and constantly changing school environment, having ready access to academic data empowers the staff to better decide how to expend time and resources so as to maximize student achievement.

SA Harlem 5 views its teachers as Olympic athletes who must constantly train and improve their skills. Professional development is a regular part of their professional responsibilities as it develops skills, provides content area knowledge, and improves pedagogical techniques so that the teachers are prepared to “win the race” that is educating children. Further information is available in the school’s charter.

Goal 1: Absolute Measure

Each year, 75 percent of all tested students enrolled in at least their second year will perform at proficiency on the New York State English language arts examination for grades 3-8.

This measure assumes that the general format and structure of the State ELA exam will remain consistent. To the extent that there are significant format and structure changes to the exam, the school understands that its authorizer will take such changes into account when assessing the school’s performance.

Method

The school administered the New York State Testing Program English language arts assessment to students in third grade in April 2013. Each student’s raw score has been converted to a grade-specific scaled score and a performance level.

The table below summarizes participation information for this year’s test administration. The table indicates total enrollment and total number of students tested. It also provides a detailed breakdown of those students excluded from the exam. Note that this table includes all students according to grade level, even if they have not enrolled in at least their second year.

**2012-13 State English Language Arts Exam
Number of Students Tested and Not Tested**

Grade	Total Tested	Not Tested ²			Total Enrolled
		IEP	ELL	Absent	
3	86	0	0	0	86
4					
5					
6					
7					
8					
All	86	0	0	0	86

Results

Based on third grade scores from 2012-13, SA Harlem 5 did not meet the 75 percent proficient rate goal for English language arts. However, as noted below, this is due to significant changes to the exam.

Performance on 2012-13 State English Language Arts Exam By All Students and Students Enrolled in At Least Their Second Year

Grade s	All Students		Enrolled in at least their Second Year	
	Percent	Number Tested	Percent	Number Tested
3	60.5%	86	60.0%	85
4				
5				
6				
7				
8				
All	60.5%	86	60.0%	85

Evaluation

Schools across New York State experienced significantly lower scores on state exams in 2012-13 due to the shift to assessments that measure the Common Core Learning Standards. These lower scores were anticipated by the New York State Department of Education as the new examination was expected to “effectively create a new baseline measurement of student learning.”³

² Students exempted from this exam according to their Individualized Education Program (IEP), because of English Language Learners (ELL) status, or absence for at least some part of the exam.

³ See, e.g., *Memo from Commissioner King: Use of State Test Scores in Teacher and Principal Evaluations*, dated Aug. 2, 2013, available at <http://usny.nysed.gov/docs/memo-scores-release.pdf> (last visited Sept. 4, 2013).

Despite the drop in pass rate statewide, SA Harlem 5 ranks within the top 5% in the state and has outperformed other schools in its district in the 2012-13 school year by a wide margin.

Additional Evidence

As noted above, the New York State English language arts examination increased in difficulty in 2012-13; but as noted elsewhere, SA Harlem 5 ranks within the top 5% in the state.

English Language Arts Performance by Grade Level and School Year

Grade	Percent of Students Enrolled in At Least Their Second Year Achieving Proficiency					
	2010-11		2011-12		2012-13	
	Percent	Number Tested	Percent	Number Tested	Percent	Number Tested
3					60.0%	85
4						
5						
6						
7						
8						
All					60.0%	85

Goal 1: Absolute Measure

Each year, the school's aggregate Performance Level Index (PLI) on the State English language arts exam will meet the Annual Measurable Objective (AMO) set forth in the state's NCLB accountability system.

Method

The federal No Child Left Behind law holds schools accountable for making annual yearly progress towards enabling all students to be proficient. As a result, the state sets an Annual Measurable Objective (AMO) each year to determine if schools are making satisfactory progress toward the goal of proficiency in the state's learning standards in English language arts. To achieve this measure, all tested students must have a Performance Level Index (PLI) value that equals or exceeds the current year's English language arts AMO. The PLI is calculated by adding the sum of the percent of all tested students at Levels 2 through 4 with the sum of the percent of all tested students at Levels 3 and 4. Thus, the highest possible PLI is 200.⁴

Results

⁴ In contrast to SED's Performance Index, the PLI does not account for year-to-year growth toward proficiency.

English Language Arts 2012-13 Performance Level Index (PLI)

Number in Cohort	Percent of Students at Each Performance Level			
	Level 1	Level 2	Level 3	Level 4
86	7	33	55	6

$$\begin{array}{rcccccccc}
 \text{PI} & = & 33 & + & 55 & + & 6 & = & 94 \\
 & & & & 55 & + & 6 & = & 61 \\
 & & & & & & \text{PLI} & = & 155
 \end{array}$$

Evaluation

Per the Charter Schools Institute’s Progress Report Template (“the Guidelines”),⁵ SA Harlem 5 is not reporting on this absolute measure. The State Education Department has not recalibrated the AMO to align with the new English language arts 3-8 testing program.

Goal 1: Comparative Measure

Each year, the percent of all tested students who are enrolled in at least their second year and performing at proficiency on the state English language arts exam will be greater than that of all students in the same tested grades in the local school district.

Method

A school compares tested students enrolled in at least their second year to all tested students in the surrounding public school district. Comparisons are between the results for each grade in which the school had tested students in at least their second year at the school and the total result for all students at the corresponding grades in the school district.⁶

Results

SA Harlem 5’s students outperformed aggregate results for District 5 by a wide margin.

2012-13 State English Language Arts Exam SA Harlem 5 and District Performance by Grade Level

Grade	Percent of Students at Proficiency			
	SA Harlem 5 Students In At Least 2 nd Year		All District Students	
	Percent	Number Tested	Percent	Number Tested
3	60.0%	85	13.4%	953
4				
5				

⁵ Available at <http://www.newyorkcharters.org/schoolsAccountability.htm> (last updated July 2013).

⁶ Schools can acquire these data when the State Education Department releases its Access database containing grade level ELA and math test results for all schools and districts statewide. The SED announces the release of the data on its [News Release webpage](#).

Grade	Percent of Students at Proficiency			
	SA Harlem 5 Students In At Least 2 nd Year		All District Students	
6				
7				
8				
All	60.0%	85	13.4%	953

Evaluation

SA Harlem 5 met the comparative measure goal for English language arts by outperforming other schools in its district by a wide margin

Additional Evidence

In its first year of New York state testing, SA Harlem 5 considerably outperformed District 5.

English Language Arts Performance of SA Harlem 5 and Local District by Grade Level and School Year

Grade	Percent of Students Enrolled in at Least their Second Year Who Are at Proficiency Compared to Local District Students					
	2010-11		2011-12		2012-13	
	SA Harlem 5	Local District	SA Harlem 5	Local District	SA Harlem 5	Local District
3					60.0%	13.4%
4						
5						
6						
7						
8						
All					60.0%	13.4%

Goal 1: Comparative Measure

Each year, the school will exceed its predicted level of performance on the state English language arts exam by an Effect Size of 0.3 or above (performing higher than expected to a small degree) according to a regression analysis controlling for students eligible for economically disadvantaged students among all public schools in New York State.⁷

Method

SUNY has not provided Effect Size data.

⁷ The Institute will begin using *economically disadvantaged* instead of *eligibility for free lunch* as the demographic variable in 2012-13. Schools should report previous year's results using reported free-lunch statistics.

Results

Not applicable.

2011-12 English Language Arts Comparative Performance by Grade Level

Grade	Percent Eligible for Free Lunch	Number Tested	Percent of Students at Levels 3&4		Difference between Actual and Predicted	Effect Size
			Actual	Predicted		
3						
4						
5						
6						
7						
8						
All						

School's Overall Comparative Performance:
Not applicable.

Evaluation

Not applicable.

Additional Evidence

Not applicable.

English Language Arts Comparative Performance by School Year

School Year	Grades	Percent Eligible for Free Lunch	Number Tested	Actual	Predicted	Effect Size
2009-10						
2010-11						
2011-12						

Goal 1: Growth Measure⁸

Each year, under the state's Growth Model, the school's mean unadjusted growth percentile in English language arts for all tested students in grades 4-8 will be above the state's unadjusted median growth percentile.

⁸ See Guidelines for [Creating a SUNY Accountability Plan](#) for an explanation.

Method

This measure examines the change in performance of the same group of students from one year to the next and the progress they are making in comparison to other students with the same score in the previous year. The analysis only includes students who took the state exam in 2012-13 and also have a state exam score in 2011-12 including students who were retained in the same grade. Students with the same 2011-12 scores are ranked by their 2012-13 scores and assigned a percentile based on their relative growth in performance (mean growth percentile). Students' growth percentiles are aggregated school-wide to yield a school's mean growth percentile. In order for a school to perform above the statewide median, it must have a mean growth percentile greater than 50.

Results

Per the Guidelines, SA Harlem 5 is not reporting on this growth measure. The State Education Department has not yet reported schools' mean growth percentiles for the 2012-13 school year. Furthermore, SA Harlem 5 did not serve testing grades for the English language arts examination in 2011-12.

Summary of the English Language Arts Goal

Type	Measure	Outcome
Absolute	Each year, 75 percent of all tested students who are enrolled in at least their second year will perform at proficiency on the New York State English language arts exam for grades 3-8. This measure assumes that the general format and structure of the State ELA exam will remain consistent. To the extent that there are significant format and structure changes to the exam, the school understands that its authorizer will take such changes into account when assessing the school's performance.	Did Not Achieve
Absolute	Each year, the school's aggregate Performance Level Index (PLI) on the state English language arts exam will meet that year's Annual Measurable Objective (AMO) set forth in the state's NCLB accountability system.	N/A
Comparative	Each year, the percent of all tested students who are enrolled in at least their second year and performing at proficiency on the state English language arts exam will be greater than that of students in the same tested grades in the local school district.	Achieved
Comparative	Each year, the school will exceed its predicted level of performance on the state English language arts exam by an Effect Size of 0.3 or above (performing higher than expected to a small degree) according to a regression analysis controlling for economically disadvantaged students among all public schools in New York State. (Using 2011-12 school district results.)	N/A
Growth	Each year, under the state's Growth Model the school's mean unadjusted growth percentile in English language arts for all tested students in grades 4-8 will be above the state's unadjusted median growth percentile.	N/A

Action Plan

In order to continue improving in English language arts, SA Harlem 5 will make the following improvements to its literacy program:

- More effectively use shared text to enhance student discussions around literature that are truly student-driven and less directed by the teacher.
- Provide students with more opportunities to respond to literature in writing.
- Promote genre variety in the classroom by giving students short excerpts of non-fiction, realistic fiction, folktales, interviews, plays, pamphlets, advertisements, etc.
- Help students identify the main idea of what they read in order to better understand author's purpose and connect details to a cohesive narrative.
- Deepen class discussions around literature to transcend the literal and have students infer character traits, feelings and other aspects of literature not explicitly written.

MATHEMATICS

Goal 2: Mathematics

Students will show competency in their understanding and application of mathematical computation and problem solving.

Background

SA Harlem 5 uses Cognitively Guided Instruction (CGI) and the Investigations math program. Some of its key elements are described below:

- Problem Solving – CGI offers students a chance to solve real world, contextualized mathematical problems using conceptual understanding. Students learn the basics of problem solving strategies by solving daily word problems that require critical thinking and both written and verbal expression of mathematical reasoning. Students work individually to solve a problem and then share their strategies with their peers. The teacher leads a discussion based on student strategies that leads to understanding of mathematical properties.

- Assessment – SA Harlem 5 administers Math Interim Assessments and weekly quizzes to determine the progress of students with respect to the Common Core standards. Teachers use the data to inform future instruction.

- Common Core State Standard Alignment – SA Harlem 5 has mapped the scope and sequence of CGI and the Investigations math program to closely align with the Common Core. This scope and sequence closely follows the state and national requirements of what students should know and be able to do at each administration of the state math assessments. By aligning closely with the Common Core and assessments, teachers will have a much better sense of where their students stand in

SA Harlem 5's goal of preparing all students for college-track level mathematics in middle and high school.

- **Conceptual Understanding** – Investigations math places an emphasis on open-ended exploration and interactive learning components to each lesson to let students make sense of mathematics by building on ideas and observations from previous experiences. By learning mathematical ideas and procedures that is grounded in meaning, students are able to apply their thinking to new situations and unfamiliar problems. CGI uses daily world problems to give students meaning, understanding, and application to the math they learn.

- **Computational Fluency** – SA Harlem 5 also provides students with regular math facts practice because it recognizes the importance of computational fluency. Math facts quizzes emphasize both accuracy and speed.

Goal 2: Absolute Measure

Each year, 75 percent of all tested students enrolled in at least their second year will perform at proficiency on the New York State mathematics examination for grades 3-8.

This measure assumes that the general format and structure of the State mathematics exam will remain consistent. To the extent that there are significant format and structure changes to the exam, the school understands that its authorizer will take such changes into account when assessing the school's performance.

Method

The school administered the New York State Testing Program mathematics assessment to students in third grade in April 2013. Each student's raw score has been converted to a grade-specific scaled score and a performance level.

The table below summarizes participation information for this year's test administration. The table indicates total enrollment and total number of students tested. It also provides a detailed breakdown of those students excluded from the exam. Note that this table includes all students according to grade level, even if they have not enrolled in at least their second year.

**2012-13 State Mathematics Exam
Number of Students Tested and Not Tested**

Grade	Total Tested	Not Tested ⁹			Total Enrolled
		IEP	ELL	Absent	
3	86	0	0	0	86
4					

⁹ Students exempted from this exam according to their Individualized Education Program (IEP), because of English Language Learners (ELL) status, or absence for at least some part of the exam.

5					
6					
7					
8					
All	86	0	0	0	86

Results

Based on scores from 2012-13, SA Harlem 5 exceeded the absolute measure goal for math.

Performance on 2012-13 State Mathematics Exam By All Students and Students Enrolled in At Least Their Second Year

Grade s	All Students		Enrolled in at least their Second Year	
	Percent	Number Tested	Percent	Number Tested
3	83.7%	86	83.5%	85
4				
5				
6				
7				
8				
All	83.7%	86	83.5%	85

Evaluation

SA Harlem 5 met the absolute measure goal in 2012-13 for mathematics. As it continues to improve its math program, SA Harlem 5 expects to continue to perform well in the future.

Additional Evidence

There was a widespread drop in test scores statewide (see ELA Goal 1: Absolute Measure). Despite the widespread drop in scores, this absolute measure goal was met in 2012-13, and SA Harlem 5 placed in the top 3% statewide.

Mathematics Performance by Grade Level and School Year

Grade	Percent of Students Enrolled in At Least Their Second Year Achieving Proficiency					
	2010-11		2011-12		2012-13	
	Percent	Number Tested	Percent	Number Tested	Percent	Number Tested
3					83.5%	85

4						
5						
6						
7						
8						
All					83.5%	85

Goal 2: Absolute Measure

Each year, the school’s aggregate Performance Level Index (PLI) on the State mathematics exam will meet the Annual Measurable Objective (AMO) set forth in the state’s NCLB accountability system.

Method

The federal No Child Left Behind law holds schools accountable for making annual yearly progress towards enabling all students to be proficient. As a result, the state sets an Annual Measurable Objective (AMO) each year to determine if schools are making satisfactory progress toward the goal of proficiency in the state’s learning standards in mathematics. To achieve this measure, all tested students must have a Performance Level Index (PLI) value that equals or exceeds the current year’s mathematics AMO. The PLI is calculated by adding the sum of the percent of all tested students at Levels 2 through 4 with the sum of the percent of all tested students at Levels 3 and 4. Thus, the highest possible PLI is 200.¹⁰

Results

Mathematics 2012-13 Performance Level Index (PLI)

Number in Cohort	Percent of Students at Each Performance Level			
	Level 1	Level 2	Level 3	Level 4
86	2	14	41	42

$$\begin{array}{rclclclcl}
 \text{PI} & = & 14 & + & 41 & + & 42 & = & 97 \\
 & & & & 41 & + & 42 & = & 88 \\
 & & & & & & \text{PLI} & = & 180
 \end{array}$$

Evaluation

Per the Guidelines, SA Harlem 5 is not reporting on this absolute measure. The State Education Department has not recalibrated the AMO to align with the new mathematics 3-8 testing program.

Goal 2: Comparative Measure

Each year, the percent of all tested students who are enrolled in at least their second year and performing at proficiency on the state mathematics exam will be greater than that of all students in the same tested grades in the local school district.

¹⁰ In contrast to SED’s Performance Index, the PLI does not account for year-to-year growth toward proficiency.

Method

A school compares tested students enrolled in at least their second year to all tested students in the surrounding public school district. Comparisons are between the results for each grade in which the school had tested students in at least their second year at the school and the total result for all students at the corresponding grades in the school district.¹¹

Results

SA Harlem 5's students outperformed aggregate results for District 5 by a very wide margin.

2012-13 State Mathematics Exam SA Harlem 5 and District Performance by Grade Level

Grade	Percent of Students at Proficiency			
	SA Harlem 5 Students In At Least 2 nd Year		All District Students	
	Percent	Number Tested	Percent	Number Tested
3	83.5%	85	16.1%	965
4				
5				
6				
7				
8				
All	83.5%	85	16.1%	965

Evaluation

SA Harlem 5 met the comparative measure goal for math by outperforming other schools in its district by a very wide margin.

Additional Evidence

In its first year administering the New York State tests, SA Harlem 5 considerably outperformed District 5. SA Harlem 5 expects that it will continue to outperform District 5 by a wide margin.

Mathematics Performance of SA Harlem 5 and Local District by Grade Level and School Year

Grade	Percent of Students Enrolled in at Least their Second Year Who Are at Proficiency Compared to Local District Students					
	2010-11		2011-12		2012-13	
	SA	Local	SA	Local	SA	Local

¹¹ Schools can acquire these data when the State Education Department releases its Access database containing grade level ELA and math test results for all schools and districts statewide. The SED announces the release of the data on its [News Release webpage](#).

	Harlem 5	District	Harlem 5	District	Harlem 5	District
3					83.5%	16.1%
4						
5						
6						
7						
8						
All					83.5%	16.1%

Goal 2: Comparative Measure

Each year, the school will exceed its predicted level of performance on the state mathematics exam by an Effect Size of 0.3 or above (performing higher than expected to a small degree) according to a regression analysis controlling for students eligible for economically disadvantaged students among all public schools in New York State.¹²

Method

SUNY has not provided Effect Size data.

Results

Not applicable.

2011-12 Mathematics Comparative Performance by Grade Level

Grade	Percent Eligible for Free Lunch	Number Tested	Percent of Students at Levels 3&4		Difference between Actual and Predicted	Effect Size
			Actual	Predicted		
3						
4						
5						
6						
7						
8						
All						

School's Overall Comparative Performance:
Not applicable

Evaluation

¹² The Institute will begin using *economically disadvantaged* instead of *eligibility for free lunch* as the demographic variable in 2012-13. Schools should report previous year's results using reported free-lunch statistics.

Not applicable.

Additional Evidence

Not applicable; 2012-13 was SA Harlem 5's first year administering the New York State tests.

Mathematics Comparative Performance by School Year

School Year	Grades	Percent Eligible for Free Lunch	Number Tested	Actual	Predicted	Effect Size
2009-10						
2010-11						
2011-12						

Goal 2: Growth Measure¹³

Each year, under the state's Growth Model, the school's mean unadjusted growth percentile in mathematics for all tested students in grades 4-8 will be above the state's unadjusted median growth percentile.

Method

This measure examines the change in performance of the same group of students from one year to the next and the progress they are making in comparison to other students with the same score in the previous year. The analysis only includes students who took the state exam in 2012-13 and also have a state exam score in 2011-12 including students who were retained in the same grade. Students with the same 2011-12 scores are ranked by their 2012-13 scores and assigned a percentile based on their relative growth in performance (mean growth percentile). Students' growth percentiles are aggregated school-wide to yield a school's mean growth percentile. In order for a school to perform above the statewide median, it must have a mean growth percentile greater than 50.

Results

Per the Guidelines, SA Harlem 5 is not reporting on this growth measure. The State Education Department has not yet reported schools' mean growth percentiles for the 2012-13 school year. Furthermore, SA Harlem 5 did not serve testing grades for the mathematics examination in 2011-12.

Summary of the Mathematics Goal

Type	Measure	Outcome
Absolute	Each year, 75 percent of all tested students who are enrolled in at least their second year will perform at proficiency on the New York	Achieved

¹³ See Guidelines for [Creating a SUNY Accountability Plan](#) for an explanation.

	State mathematics exam for grades 3-8. This measure assumes that the general format and structure of the State math exam will remain consistent. To the extent that there are significant format and structure changes to the exam, the school understands that its authorizer will take such changes into account when assessing the school's performance.	
Absolute	Each year, the school's aggregate Performance Level Index (PLI) on the state mathematics exam will meet that year's Annual Measurable Objective (AMO) set forth in the state's NCLB accountability system.	N/A
Comparative	Each year, the percent of all tested students who are enrolled in at least their second year and performing at proficiency on the state mathematics exam will be greater than that of students in the same tested grades in the local school district.	Achieved
Comparative	Each year, the school will exceed its predicted level of performance on the state mathematics exam by an Effect Size of 0.3 or above (performing higher than expected to a small degree) according to a regression analysis controlling for economically disadvantaged students among all public schools in New York State. (Using 2011-12 school district results.)	N/A
Growth	Each year, under the state's Growth Model the school's mean unadjusted growth percentile in mathematics for all tested students in grades 4-8 will be above the state's unadjusted median growth percentile.	N/A

Action Plan

Despite impressive state math test results, SA Harlem 5 is looking to make the following improvements to the math program:

- More effectively guide students to move away from invented strategies for solving problems, which can sometimes be laborious, towards more efficient strategies that improve accuracy
- Improve the pacing calendar for math instruction so that teachers have time to teach oft-overlooked skills like fractions

SCIENCE

Goal 3: Science
Students will understand and apply scientific principles at a proficient level.

Background

The school's curriculum is unique in its attention to science, including unprecedented daily instruction. The school uses a discovery-based, experiential approach to science, guided by the most influential authorities on elementary science education today, the American Association for the Advancement of Science Benchmarks and the National Resource Council National Science Education Standards. Taught by specialized science teachers, students have hands-on experience with objects, materials, and organisms to understand the natural world. The curriculum provides students with a

solid foundation in discovery-based science to ensure that they can excel in middle and high school science classes.

Goal 3: Absolute Measure

Each year, 75 percent of all tested students enrolled in at least their second year will perform at proficiency on the New York State science examination.

This measure assumes that the general format and structure of the State science exam will remain consistent. To the extent that there are significant format and structure changes to the exam, the school understands that its authorizer will take such changes into account when assessing the school's performance.

Method

This school did not serve testing grades for the New York State science examination in 2012-13.

Results

Not applicable.

**Charter School Performance on 2012-13 State Science Exam
By All Students and Students Enrolled in At Least Their Second Year**

Grade	Percent of Students at Proficiency			
	Charter School Students In At Least 2 nd Year		All District Students	
	Percent	Number Tested	Percent	Number Tested
4				
8				

Evaluation

Not applicable.

Additional Evidence

Not applicable.

Science Performance by Grade Level and School Year

Grade	Percent of Students Enrolled in At Least Their Second Year at Proficiency					
	2010-11		2011-12		2012-13	
	Percent	Number Tested	Percent	Number	Percent	Number

				Tested		Tested
4						
8						
All						

Goal 3: Comparative Measure

Each year, the percent of all tested students enrolled in at least their second year and performing at proficiency on the state science exam will be greater than that of all students in the same tested grades in the local school district.

Method

This school did not serve testing grades for the New York State science examination in 2012-13 or in any of the comparison years.

Results

Not applicable.

**2012-13 State Science Exam
Charter School and District Performance by Grade Level**

Grade	Percent of Students at Proficiency			
	Charter School Students In At Least 2 nd Year		All District Students	
	Percent	Number Tested	Percent	Number Tested
4				
8				

Evaluation

Not applicable.

Additional Evidence

Not applicable.

**Science Performance of Charter School and Local District
by Grade Level and School Year**

Grade	Percent of Charter School Students at Proficiency and Enrolled in At Least their Second Year Compared to Local District Students					
	2010-11		2011-12		2012-13	
	Charter	Local	Charter	Local	Charter	Local

	School	District	School	District	School	District
4						
8						
All						

Summary of the Science Goal

Not applicable.

Type	Measure	Outcome
Absolute	Each year, 75 percent of all tested students who are enrolled in at least their second year will perform at proficiency on the New York State mathematics exam for grades 3-8. This measure assumes that the general format and structure of the State math exam will remain consistent. To the extent that there are significant format and structure changes to the exam, the school understands that its authorizer will take such changes into account when assessing the school's performance.	N/A
Comparative	Each year, the percent of all tested students enrolled in at least their second year and performing at proficiency on the state exam will be greater than that of all students in the same tested grades in the local school district.	N/A

Action Plan

Not applicable.

NCLB

Goal 4: NCLB

The school will make Adequate Yearly Progress.

Goal 4: Absolute Measure

Under the state's NCLB accountability system, the school's Accountability Status is in good standing: the state has not identified the school as a Focus School nor determined that it has met the criteria to be identified as a local-assistance-plan school.

Method

Since *all* students are expected to meet the state's learning standards, the federal No Child Left Behind legislation stipulates that various sub-populations and demographic categories of students among all tested students must meet state proficiency standards. New York, like all states, established a system for making these determinations for its

public schools. Each year the state issues School Report Cards that indicate each school's status under the state's No Child Left Behind (NCLB) accountability system.

Results

SA Harlem 5 did not receive an NCLB status in 2012-13.

Evaluation

Not applicable.

Additional Evidence

SA Harlem 5 expects to consistently achieve a status of "Good Standing."

NCLB Status by Year

Year	Status
2010-11	Standing Not Provided
2011-12	Standing Not Provided
2012-13	Standing Not Provided

Total Expenditures per Pupil (unaudited, as of 6/30/2013)

Total Expenditures	Total Enrolled Students	Expenditures Per Pupil
\$4,827,339.89	328	\$14,255.42



Charter Schools Institute
The State University of New York

Annual Report Requirement
for SUNY Authorized Charter Schools

Success Academy Harlem 5

Administrative expenditures per pupil:

\$2,793.94

Per NYS Statute

Administrative expenditures per pupil: the sum of all general administration salaries and other general administration expenditures divided by the total number of enrolled students. Employee benefit costs or expenditures should not be reported here.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

(A Not-For-Profit Corporation)

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2013

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

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FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF
SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) (“SACS–NYC”) (a not-for-profit corporation), which comprise the combined statement of financial position as of June 30, 2013, and the combined related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management’s Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SACS–NYC’s preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SACS–NYC’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of SACS–NYC as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2013, on our consideration of SACS–NYC’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SACS–NYC’s internal control over financial reporting and compliance.


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 21, 2013

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

Current assets:	
Cash and cash equivalents	\$ 4,983,066
Grants and contracts receivable	1,860,018
Prepaid expenses and other current assets	<u>1,710,515</u>
Total current assets	8,553,599
Property and equipment, net of accumulated depreciation and amortization of \$5,314,544	3,985,758
Long-term investments	11,172,036
Restricted cash	<u>350,311</u>
TOTAL ASSETS	<u><u>\$ 24,061,704</u></u>

LIABILITIES AND UNRESTRICTED NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 308,817
Due to related party	<u>2,153,385</u>
Total current liabilities	2,462,202
Loan payable - related party	<u>1,450,000</u>
Total liabilities	3,912,202
Unrestricted net assets	<u>20,149,502</u>
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	<u><u>\$ 24,061,704</u></u>

The accompanying notes are an integral part of the combined financial statements.

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Revenue and support:	
State and local per pupil operating revenue	\$ 41,017,028
Federal grants	3,308,294
State and city grants	314,515
Contributions and private grants	250,000
Donated services	41,304
Interest income	25,463
Other income	<u>5,575</u>
 Total revenue and support	 <u>44,962,179</u>
Expenses:	
Program services	
Regular education	30,095,202
Special education	<u>7,447,352</u>
Total program services	37,542,554
Supporting service	
Management and general	<u>8,442,962</u>
 Total expenses	 <u>45,985,516</u>
 Changes in unrestricted net assets	 (1,023,337)
 Unrestricted net assets - beginning of year	 <u>21,172,839</u>
 Unrestricted net assets - end of year	 <u><u>\$ 20,149,502</u></u>

The accompanying notes are an integral part of the combined financial statements.

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in unrestricted net assets	\$ (1,023,337)
Adjustments to reconcile changes in unrestricted net assets to net cash (used in) by operating activities:	
Depreciation and amortization	1,753,768
Changes in certain assets and liabilities:	
(Increase) in grants and contracts receivable	(776,773)
(Increase) in prepaid expenses and other current assets	(1,703,623)
Decrease in restricted cash	7,523
(Decrease) in accounts payable and accrued expenses	(334,980)
Increase in due to related party	1,400,052
	<u>(677,370)</u>
NET CASH (USED IN) OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(3,709,621)
Net (Increase) in long-term investments	(4,744,485)
	<u>(8,454,106)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITY	
Proceeds from loan payable - related party	1,450,000
	<u>1,450,000</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	
	(7,681,476)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	
	<u>12,664,542</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	
	<u><u>\$ 4,983,066</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the year for interest	<u><u>\$ 3,386</u></u>

The accompanying notes are an integral part of the combined financial statements.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) (“SACS–NYC”) is a New York State, not-for-profit educational corporation that was incorporated on March 11, 2008 to operate a Charter School pursuant to Article 56 of the Education Law of the State of New York. SACS–NYC Schools are granted provisional charters valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. SACS–NYC is dedicated to providing a high quality education to primarily disadvantaged students; to prevent the achievement gap from rising.

The education corporation, Success Academy Charter School – Harlem 1, Success Academy Charter School – Harlem 2, Success Academy Charter School – Harlem 3, Success Academy Charter School – Harlem 4, and Success Academy Charter School – Harlem 5 merged into a single legal entity under H3, which serves as the sole surviving education corporation. This application was approved by the Board of Trustees of the State University of New York in April 2012. The merger application was subsequently submitted to the New York State Education Department Board of Regents and became effective for financial purposes on October 1, 2012. H3 changed its name to Success Academy Charter Schools – NYC, and each School is authorized by The Charter Schools Institute of the State University of New York.

The combined financial statements include the following Schools: Success Academy Charter School – Harlem 1 (“H1”), Success Academy Charter School – Harlem 2 (“H2”), Success Academy Charter School – Harlem 3 (“H3”), Success Academy Charter School – Harlem 4 (“H4”), Success Academy Charter School – Harlem 5 (“H5”), Success Academy Charter School – Harlem West (“HW”), Success Academy Charter School – Harlem Central (“HC”), Success Academy Charter School – High School (“HS”), Success Academy Charter School – Bronx 3 (“BX3”), Success Academy Charter School – Crown Heights (“CR”), Success Academy Charter School – Fort Greene (“FG”), Success Academy Charter School – Harlem 3 100th Street (“H3 100th Street”), Success Academy Charter School – Hell’s Kitchen (“HK”), Success Academy Charter School – Harlem North Central (“HNC”), Success Academy Charter School – Prospect Heights (“PH”), and Success Academy Charter School – Union Square (“US”). The last eight Schools aforementioned opened in August 2013 and HS will open in August 2014.

SACS–NYC provided education to approximately 2800 students in grades kindergarten through seventh during the 2012-2013 academic year.

SACS–NYC share space with various New York City public schools throughout New York City. SACS–NYC is not responsible for rent, utilities, custodial services, maintenance and school safety services other than security related to SACS–NYC’s programs that take place outside the district’s school day.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Food Service

The New York City Department of Education provides free lunches to a majority of SACS–NYC’s students. Such costs are not included in these combined financial statements. SACS–NYC covers the cost of lunches for children not entitled to the free lunches.

Tax Status

SACS–NYC is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and a similar provision under New York State income tax laws. SACS–NYC did not have net unrelated business income for the year ended June 30, 2013.

SACS–NYC’s accounting policy provides that a tax expense or benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. SACS–NYC has no uncertain tax position resulting in an accrual of tax expense or benefit.

IRS Forms 990 filed by SACS–NYC is subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 filed by SACS–NYC are no longer subject to examination for the fiscal years ended June 30, 2009, and prior.

Principles of Combination

The combined financial statements includes SACS–NYC for the year ended June 30, 2013 and the activities of Success Academy Charter School – Harlem 1 (“H1”), Success Academy Charter School – Harlem 2 (“H2”), Success Academy Charter School – Harlem 4 (“H4”), and Success Academy Charter School – Harlem 5 (“H5”) for the period from July 1, 2012 through September 30, 2012. Effective October 1, 2012, the aforementioned Schools merged into SACS–NYC. All significant accounts and transactions of SACS–NYC Schools have been eliminated in combination.

Basis of Presentation

The combined financial statement presentation follows the requirements of the Financial Accounting Standards Board (“FASB”) in its Accounting Standards Codification (“ASC”) No. 958-205 which provides guidance for the classification of net assets. The amounts for each of the three classes of net assets are based on the existence or absence of donor-imposed restrictions described as follows:

Unrestricted

Net assets of SACS–NYC whose use has not been restricted by an outside donor or by law. They are available for any use in carrying out the operations of SACS–NYC.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation and Combination (Continued)

Temporarily Restricted

Net assets of SACS–NYC whose use has been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of SACS–NYC. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities and changes in net assets, as net assets released from restrictions.

Permanently Restricted

Net assets of SACS–NYC whose use has been permanently limited by donor-imposed restrictions. Such assets include contributions required to be invested in perpetuity, the income from which is available to support charitable purposes designated by the donors.

As of June 30, 2013, SACS–NYC had no temporarily or permanently restricted net assets.

Revenue and Support

Contributions are recognized when the donor makes a grant to SACS–NYC that is, in substance, unconditional. Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations. Restricted contributions and grants that are made to support SACS–NYC’s current year activities are recorded as unrestricted revenue. Contributions of assets other than cash are recorded at their estimated fair value.

Revenue from the state and local governments resulting from SACS–NYC’s charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agencies.

Cash and Cash Equivalents

For the purpose of the combined statement of cash flows, SACS–NYC considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially subject SACS–NYC to concentrations of credit risk are cash and cash equivalents. SACS–NYC places its cash and cash equivalents on deposit in what it believes to be highly credited financial institutions. Cash balances may exceed the FDIC insured levels of \$250,000 per institution at various times during the year. SACS–NYC believes that there is little risk in any losses and has not experienced any losses in such accounts.

Restricted Cash

Under the provisions of its charter, SACS–NYC established an escrow account to pay for legal and audit expenses that would be associated with a dissolution should it occur.

Property and Equipment

Purchased property and equipment are recorded at cost. Property and equipment acquired with certain government funding are recorded as expenses pursuant to the terms of the contract, in which ownership of such property and equipment is retained by the funding source. Maintenance and repairs are expensed as incurred. No depreciation is recorded on construction-in-progress until property and equipment is placed into service. Depreciation and amortization is provided on the straight line method over the estimated useful lives as follows:

Equipment	3 years
Furniture and fixtures	3 years
Website development	3 years
Software	3 years
Leasehold improvements	5 years

Refundable Advances

SACS–NYC records certain government grants and contracts as refundable advances until related services are performed, at which time it is recognized as revenue.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of federal, state, and city entitlements and grants. SACS–NYC expects to collect these receivables within one year.

NOTE 3 - INVESTMENTS

Investments held by SACS–NYC at June 30, 2013 consist of certificate of deposits in the amount of \$11,172,036. These investments are presented in the combined statement of financial position at fair value. Interest income from these investments amounted to \$25,463 for the year ended June 30, 2013.

NOTE 4 - FAIR VALUE MEASUREMENTS

FASB ASC 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SACS–NYC has the ability to access.
- Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly including inputs in markets that are not considered to be active.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The primary uses of fair value measures in SACS–NYC's combined financial statements are:

- initial measurement of noncash gifts, including gifts of investment assets.
- recurring measurement of investments.

SACS–NYC's investments at June 30, 2013, consist of certificate of deposits in the amount of \$11,172,036, which is classified as level 1 in the fair value hierarchy.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2013:

Equipment	\$ 2,710,599
Furniture and fixtures	2,177,092
Website development	44,315
Software	1,397,713
Leasehold improvements	<u>2,970,583</u>
	9,300,302
Less: Accumulated depreciation and amortization	<u>5,314,544</u>
	<u>\$ 3,985,758</u>

Depreciation and amortization expense was \$1,753,768 for the year ended June 30, 2013.

NOTE 6 - RELATED PARTY TRANSACTIONS

SACS–NYC is an affiliate of Success Academy Charter Schools, Inc. (the “Network”), a not-for-profit charter management organization dedicated to helping start and manage charter schools, provide management and other administrative support services to the schools.

Pursuant to the terms of the Academic and Business Service Agreement by and between the Network and SACS–NYC, dated April 21, 2012, the Network shall provide educational management and operational services to SACS–NYC. As compensation to the Network for these services rendered, SACS–NYC shall pay to the Network an amount each year equal to the total full-time equivalent enrollment of students in SACS–NYC multiplied by “the per pupil fee”. The per pupil fee shall be increased or decreased each year by the percentage increase or decrease in the Final Adjusted Expense Per Pupil for charter schools in the New York City school district commencing with and including the 2012-2013 school year. The per pupil fee was \$2,029 for the year ended June 30, 2013. For operational efficiency and purchasing power, SACS–NYC also shares expenses with the Network and seven other charter schools related by common management.

For the year ended June 30, 2013, SACS–NYC incurred \$5,632,591 in management fees, and there were no material transactions between SACS–NYC and the related charter schools. The balance due to the Network from SACS–NYC at June 30, 2013 amounted to \$2,153,385. These balances represent expenses paid by the Network on behalf of SACS–NYC. SACS–NYC fully repaid this balance prior to the issuance of this report.

During the year ended June 30, 2013, SACS–NYC signed a loan agreement with the Network in the amount of \$1,700,000 with annual interest equal to the prevailing interest rate available to the Network as of the date of each advance. According to the loan agreement, SACS–NYC received \$1,450,000 from the Network through June 30, 2013 and will receive the remaining \$250,000 during the year ending June 30, 2014.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 - RELATED PARTY TRANSACTIONS (Continued)

The loan and any accrued unpaid interest are due in full within three years of this agreement. The loan may be prepaid by SACS–NYC, at any time, in whole or in part, without penalty. The proceeds were used to finance SACS–NYC’s operations. The outstanding principal balance of the loan at June 30, 2013 was \$1,450,000. SACS–NYC paid \$3,386 in interest expense on this loan for the year ended June 30, 2013.

NOTE 7 - CONTINGENCY

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying combined financial statements. Accordingly, no amounts have been provided in the accompanying combined financial statements for such potential claims.

Success Academy Charter School – Harlem 1 and Success Academy Charter School – Harlem 4 joined fifteen other charter schools as Intervenor-Defendants against a lawsuit seeking to compel the New York City Department of Education ("DOE") to collect rent from public charter schools co-located in DOE public school buildings beginning with the 2011-2012 school year. The Intervenor-Defendants' motion to dismiss the complaint was granted on April 29, 2013, and the plaintiffs' motion to reargue the motion is currently pending. If plaintiffs were to receive the relief requested, charter schools co-located in DOE public school buildings would have to reimburse the DOE "at cost". It is the position of the Intervenor-Defendants that plaintiffs are not entitled to the relief requested in the complaint.

NOTE 8 - REVENUE CONCENTRATION

SACS–NYC receives substantially all of its support and revenue from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, SACS–NYC’s finances could be materially adversely affected.

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSE

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expense includes those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of SACS–NYC.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - DONATED SERVICES

Donated services are recognized as contributions in accordance with FASB ASC 605, “Accounts for Contributions Received and Contributions Made,” if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by SACS–NYC.

SACS–NYC received legal services at no charge. The value of these services meets the criteria for recognition in the combined financial statements and was recorded at fair value of \$41,304 for the year ended June 30, 2013.

NOTE 11 - RETIREMENT PLAN

SACS–NYC maintains a pension plan qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, SACS–NYC will match employee contributions up to 3% of annual compensation. Employer match for the year ended June 30, 2013 amounted to \$401,781.

NOTE 12 - SUBSEQUENT EVENTS

In preparing these combined financial statements, SACS–NYC has evaluated events and transactions for potential recognition or disclosure through October 21, 2013, the date the combined financial statements were available to be issued.

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

TO THE BOARD OF TRUSTEES OF
SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

We have audited the combined financial statements of Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) as of and for the year then ended, and have issued our report thereon dated October 21, 2013, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The combined schedule of functional expenses and combining statements of activities are presented for the purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 21, 2013

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINED SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Regular Education	Special Education	Total Program Service	Management and General	Total
Salaries	\$ 17,006,220	\$ 4,233,392	\$ 21,239,612	\$ 1,845,515	\$ 23,085,127
Payroll taxes and employee benefits	3,919,898	993,187	4,913,085	401,439	5,314,524
Professional development	493,470	118,842	612,312	-	612,312
Legal	-	-	-	41,304	41,304
Audit and accounting	-	-	-	70,001	70,001
Professional fees	15,173	2,796	17,969	1,989	19,958
Travel and entertainment	12,681	2,933	15,614	1,422	17,036
Student food service	600,704	150,219	750,923	-	750,923
Instructional supplies and textbooks	1,618,099	380,726	1,998,825	-	1,998,825
Management fee	-	-	-	5,632,591	5,632,591
Interest expense	-	-	-	3,386	3,386
Teacher recruitment	552,532	135,423	687,955	-	687,955
Student recruitment	1,092,322	279,774	1,372,096	-	1,372,096
Consulting	22,394	4,978	27,372	2,612	29,984
Uniforms	30,284	7,386	37,670	-	37,670
Office supplies	237,574	60,335	297,909	24,217	322,126
Field trips	348,757	83,080	431,837	-	431,837
School culture	283,807	68,824	352,631	-	352,631
Special events	205,201	51,382	256,583	21,051	277,634
Equipment rental	161,472	39,714	201,186	16,966	218,152
Student assessments	67,007	15,152	82,159	-	82,159
Telephone and internet services	310,483	77,116	387,599	32,149	419,748
Postage and delivery	79,454	19,107	98,561	8,466	107,027
Insurance	220,658	54,818	275,476	22,826	298,302
Facilities expense	213,185	55,451	268,636	21,038	289,674
Information technology	1,127,850	255,553	1,383,403	139,291	1,522,694
Non-capitalized furniture, fixtures, and equipment	131,530	31,215	162,745	14,295	177,040
Depreciation and amortization	1,300,658	314,840	1,615,498	138,270	1,753,768
Miscellaneous	43,789	11,109	54,898	4,134	59,032
Total	\$ 30,095,202	\$ 7,447,352	\$ 37,542,554	\$ 8,442,962	\$ 45,985,516

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	H1	H2	H3	H4	H5	HW	HC	BX3
Revenue and support:								
State and local per pupil operating revenue	\$ 9,196,523	\$ 8,908,693	\$ 7,777,376	\$ 6,111,558	\$ 4,654,513	\$ 2,467,029	\$ 1,901,336	\$ -
Federal grants	434,952	489,830	380,049	286,121	249,463	364,089	353,280	157,467
State and city grants	50,000	71,505	71,505	71,505	50,000	-	-	-
Contributions and private grants	-	-	-	-	-	250,000	-	-
Donated services	20,652	-	-	-	20,652	-	-	-
Interest income	7,573	4,727	4,010	2,798	2,217	2,069	2,069	-
Other income	1,638	842	744	507	768	535	541	-
Total revenue and support	9,711,338	9,475,597	8,233,684	6,472,489	4,977,613	3,083,722	2,257,226	157,467
Expenses:								
Program services								
Regular education	5,945,183	5,789,732	5,356,184	4,163,776	3,218,976	2,575,080	2,122,061	150,172
Special education	1,689,380	1,687,699	1,354,891	1,087,609	691,562	380,321	318,561	25,936
Total program services	7,634,563	7,477,431	6,711,075	5,251,385	3,910,538	2,955,401	2,440,622	176,108
Supporting service								
Management and general	1,762,880	1,651,892	1,510,790	1,183,692	986,182	654,994	566,463	3,526
Total expenses	9,397,443	9,129,323	8,221,865	6,435,077	4,896,720	3,610,395	3,007,085	179,634
Changes in unrestricted net assets	313,895	346,274	11,819	37,412	80,893	(526,673)	(749,859)	(22,167)
Unrestricted net assets - beginning of year	6,326,298	5,562,844	4,836,762	2,814,650	1,632,285	-	-	-
Unrestricted net assets - end of year	<u>\$ 6,640,193</u>	<u>\$ 5,909,118</u>	<u>\$ 4,848,581</u>	<u>\$ 2,852,062</u>	<u>\$ 1,713,178</u>	<u>\$ (526,673)</u>	<u>\$ (749,859)</u>	<u>\$ (22,167)</u>

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINING STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

	CR	FG	HK	PH	US	H3 100th Street	HNC	HS	Total
Revenue and support:									
State and local per pupil operating revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,017,028
Federal grants	89,279	90,315	161,091	90,315	162,043	-	-	-	3,308,294
State and city grants	-	-	-	-	-	-	-	-	314,515
Contributions and private grants	-	-	-	-	-	-	-	-	250,000
Donated services	-	-	-	-	-	-	-	-	41,304
Interest income	-	-	-	-	-	-	-	-	25,463
Other income	-	-	-	-	-	-	-	-	5,575
Total revenue and support	89,279	90,315	161,091	90,315	162,043	-	-	-	44,962,179
Expenses:									
Program services									
Regular education	122,241	167,362	139,773	147,744	125,576	2,639	13,863	54,840	30,095,202
Special education	53,360	20,260	27,494	45,461	42,503	813	4,628	16,874	7,447,352
Total program services	175,601	187,622	167,267	193,205	168,079	3,452	18,491	71,714	37,542,554
Supporting service									
Management and general	41,590	10,266	20,545	6,302	19,076	583	12,409	11,772	8,442,962
Total expenses	217,191	197,888	187,812	199,507	187,155	4,035	30,900	83,486	45,985,516
Changes in unrestricted net assets	(127,912)	(107,573)	(26,721)	(109,192)	(25,112)	(4,035)	(30,900)	(83,486)	(1,023,337)
Unrestricted net assets - beginning of year	-	-	-	-	-	-	-	-	21,172,839
Unrestricted net assets - end of year	<u>\$ (127,912)</u>	<u>\$ (107,573)</u>	<u>\$ (26,721)</u>	<u>\$ (109,192)</u>	<u>\$ (25,112)</u>	<u>\$ (4,035)</u>	<u>\$ (30,900)</u>	<u>\$ (83,486)</u>	<u>\$ 20,149,502</u>

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

TO THE BOARD OF TRUSTEES OF
SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

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 combined financial statements of Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) (“SACS–NYC”), which comprise the combined statement of financial position as of June 30, 2013, and the related combined statements of activities, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated October 21, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined 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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of SACS–NYC’s internal control. Accordingly, we do not express an opinion on the effectiveness of SACS–NYC’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of SACS–NYC’s combined 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.

TO THE BOARD OF TRUSTEES OF
SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SACS–NYC’s combined 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 combined 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 SACS–NYC’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SACS–NYC’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 21, 2013

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

TO THE BOARD OF TRUSTEES OF
SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

Report on Compliance for Each Major Federal Program

We have audited Success Academy Charter Schools – NYC's (f/k/a Harlem Success Academy Charter School 3) ("SACS–NYC") compliance with the types of compliance requirements described in the OMB Circular A-133 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, 2013. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 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.

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, 2013.

TO THE BOARD OF TRUSTEES OF
SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

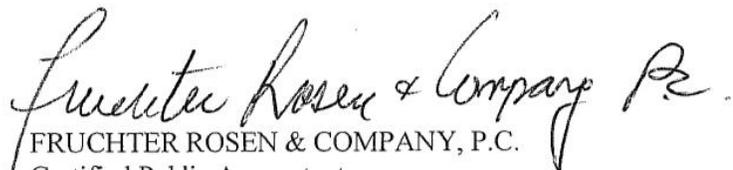
Report on Internal Control over Compliance

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 OMB Circular A-133, 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 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 21, 2013

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

A - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the combined financial statements of Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3).
2. No significant deficiencies and no material weaknesses were discovered during the audit of the combined financial statements.
3. No instances of noncompliance material to the combined financial statements of Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3), which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies and no material weaknesses relating to the audit of the major federal award programs are reported in accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) are reported in this schedule.
7. The programs tested as major programs included:
 - Title I Part A, CFDA No. 84.010
 - Charter Schools Program for Replication and Expansion
 - of High-Quality Charter Schools, CFDA No. 84.282M
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) did not qualify as a low-risk auditee.

B - FINDINGS - COMBINED FINANCIAL STATEMENTS AUDIT

None

C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor Pass-through Grantor Program Name/Cluster	Federal CFDA Number	Federal Expenditures
U.S. Department of Education: Charter Schools Program for Replication and Expansion of High-Quality Charter Schools	84.282M	\$ <u>1,287,721</u>
Passed through the New York State Education Department: Charter Schools Program	84.282	\$ 269,909
Special Education - IDEA	84.027	369,123
Title I Part A	84.010	1,317,419
Title II Part A	84.367	64,122
Total New York State Education Department		<u>2,020,573</u>
Total Expenditures of Federal Awards		<u>\$ 3,308,294</u>

The accompanying notes are an integral part of the combined financial statements.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
NOTES TO COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE A - BASIS OF PRESENTATION

The accompanying combined schedule of expenditures of federal awards includes the federal grant activity of Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) and is presented on the accrual basis of accounting for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements on OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic combined financial statements.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

(A Not-For-Profit Corporation)

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2013

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF
SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) (“SACS–NYC”) (a not-for-profit corporation), which comprise the combined statement of financial position as of June 30, 2013, and the combined related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management’s Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SACS–NYC’s preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SACS–NYC’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of SACS–NYC as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2013, on our consideration of SACS–NYC’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SACS–NYC’s internal control over financial reporting and compliance.


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 21, 2013

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

Current assets:	
Cash and cash equivalents	\$ 4,983,066
Grants and contracts receivable	1,860,018
Prepaid expenses and other current assets	<u>1,710,515</u>
Total current assets	8,553,599
Property and equipment, net of accumulated depreciation and amortization of \$5,314,544	3,985,758
Long-term investments	11,172,036
Restricted cash	<u>350,311</u>
TOTAL ASSETS	<u>\$ 24,061,704</u>

LIABILITIES AND UNRESTRICTED NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 308,817
Due to related party	<u>2,153,385</u>
Total current liabilities	2,462,202
Loan payable - related party	<u>1,450,000</u>
Total liabilities	3,912,202
Unrestricted net assets	<u>20,149,502</u>
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	<u>\$ 24,061,704</u>

The accompanying notes are an integral part of the combined financial statements.

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Revenue and support:	
State and local per pupil operating revenue	\$ 41,017,028
Federal grants	3,308,294
State and city grants	314,515
Contributions and private grants	250,000
Donated services	41,304
Interest income	25,463
Other income	<u>5,575</u>
 Total revenue and support	 <u>44,962,179</u>
Expenses:	
Program services	
Regular education	30,095,202
Special education	<u>7,447,352</u>
Total program services	37,542,554
Supporting service	
Management and general	<u>8,442,962</u>
 Total expenses	 <u>45,985,516</u>
 Changes in unrestricted net assets	 (1,023,337)
 Unrestricted net assets - beginning of year	 <u>21,172,839</u>
 Unrestricted net assets - end of year	 <u><u>\$ 20,149,502</u></u>

The accompanying notes are an integral part of the combined financial statements.

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in unrestricted net assets	\$ (1,023,337)
Adjustments to reconcile changes in unrestricted net assets to net cash (used in) by operating activities:	
Depreciation and amortization	1,753,768
Changes in certain assets and liabilities:	
(Increase) in grants and contracts receivable	(776,773)
(Increase) in prepaid expenses and other current assets	(1,703,623)
Decrease in restricted cash	7,523
(Decrease) in accounts payable and accrued expenses	(334,980)
Increase in due to related party	1,400,052
	<u>(677,370)</u>
NET CASH (USED IN) OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(3,709,621)
Net (Increase) in long-term investments	(4,744,485)
	<u>(8,454,106)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITY	
Proceeds from loan payable - related party	1,450,000
	<u>1,450,000</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	
	(7,681,476)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	
	<u>12,664,542</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	
	<u><u>\$ 4,983,066</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the year for interest	<u><u>\$ 3,386</u></u>

The accompanying notes are an integral part of the combined financial statements.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) (“SACS–NYC”) is a New York State, not-for-profit educational corporation that was incorporated on March 11, 2008 to operate a Charter School pursuant to Article 56 of the Education Law of the State of New York. SACS–NYC Schools are granted provisional charters valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. SACS–NYC is dedicated to providing a high quality education to primarily disadvantaged students; to prevent the achievement gap from rising.

The education corporation, Success Academy Charter School – Harlem 1, Success Academy Charter School – Harlem 2, Success Academy Charter School – Harlem 3, Success Academy Charter School – Harlem 4, and Success Academy Charter School – Harlem 5 merged into a single legal entity under H3, which serves as the sole surviving education corporation. This application was approved by the Board of Trustees of the State University of New York in April 2012. The merger application was subsequently submitted to the New York State Education Department Board of Regents and became effective for financial purposes on October 1, 2012. H3 changed its name to Success Academy Charter Schools – NYC, and each School is authorized by The Charter Schools Institute of the State University of New York.

The combined financial statements include the following Schools: Success Academy Charter School – Harlem 1 (“H1”), Success Academy Charter School – Harlem 2 (“H2”), Success Academy Charter School – Harlem 3 (“H3”), Success Academy Charter School – Harlem 4 (“H4”), Success Academy Charter School – Harlem 5 (“H5”), Success Academy Charter School – Harlem West (“HW”), Success Academy Charter School – Harlem Central (“HC”), Success Academy Charter School – High School (“HS”), Success Academy Charter School – Bronx 3 (“BX3”), Success Academy Charter School – Crown Heights (“CR”), Success Academy Charter School – Fort Greene (“FG”), Success Academy Charter School – Harlem 3 100th Street (“H3 100th Street”), Success Academy Charter School – Hell’s Kitchen (“HK”), Success Academy Charter School – Harlem North Central (“HNC”), Success Academy Charter School – Prospect Heights (“PH”), and Success Academy Charter School – Union Square (“US”). The last eight Schools aforementioned opened in August 2013 and HS will open in August 2014.

SACS–NYC provided education to approximately 2800 students in grades kindergarten through seventh during the 2012-2013 academic year.

SACS–NYC share space with various New York City public schools throughout New York City. SACS–NYC is not responsible for rent, utilities, custodial services, maintenance and school safety services other than security related to SACS–NYC’s programs that take place outside the district’s school day.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Food Service

The New York City Department of Education provides free lunches to a majority of SACS–NYC’s students. Such costs are not included in these combined financial statements. SACS–NYC covers the cost of lunches for children not entitled to the free lunches.

Tax Status

SACS–NYC is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and a similar provision under New York State income tax laws. SACS–NYC did not have net unrelated business income for the year ended June 30, 2013.

SACS–NYC’s accounting policy provides that a tax expense or benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. SACS–NYC has no uncertain tax position resulting in an accrual of tax expense or benefit.

IRS Forms 990 filed by SACS–NYC is subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 filed by SACS–NYC are no longer subject to examination for the fiscal years ended June 30, 2009, and prior.

Principles of Combination

The combined financial statements includes SACS–NYC for the year ended June 30, 2013 and the activities of Success Academy Charter School – Harlem 1 (“H1”), Success Academy Charter School – Harlem 2 (“H2”), Success Academy Charter School – Harlem 4 (“H4”), and Success Academy Charter School – Harlem 5 (“H5”) for the period from July 1, 2012 through September 30, 2012. Effective October 1, 2012, the aforementioned Schools merged into SACS–NYC. All significant accounts and transactions of SACS–NYC Schools have been eliminated in combination.

Basis of Presentation

The combined financial statement presentation follows the requirements of the Financial Accounting Standards Board (“FASB”) in its Accounting Standards Codification (“ASC”) No. 958-205 which provides guidance for the classification of net assets. The amounts for each of the three classes of net assets are based on the existence or absence of donor-imposed restrictions described as follows:

Unrestricted

Net assets of SACS–NYC whose use has not been restricted by an outside donor or by law. They are available for any use in carrying out the operations of SACS–NYC.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation and Combination (Continued)

Temporarily Restricted

Net assets of SACS–NYC whose use has been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of SACS–NYC. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities and changes in net assets, as net assets released from restrictions.

Permanently Restricted

Net assets of SACS–NYC whose use has been permanently limited by donor-imposed restrictions. Such assets include contributions required to be invested in perpetuity, the income from which is available to support charitable purposes designated by the donors.

As of June 30, 2013, SACS–NYC had no temporarily or permanently restricted net assets.

Revenue and Support

Contributions are recognized when the donor makes a grant to SACS–NYC that is, in substance, unconditional. Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations. Restricted contributions and grants that are made to support SACS–NYC’s current year activities are recorded as unrestricted revenue. Contributions of assets other than cash are recorded at their estimated fair value.

Revenue from the state and local governments resulting from SACS–NYC’s charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agencies.

Cash and Cash Equivalents

For the purpose of the combined statement of cash flows, SACS–NYC considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially subject SACS–NYC to concentrations of credit risk are cash and cash equivalents. SACS–NYC places its cash and cash equivalents on deposit in what it believes to be highly credited financial institutions. Cash balances may exceed the FDIC insured levels of \$250,000 per institution at various times during the year. SACS–NYC believes that there is little risk in any losses and has not experienced any losses in such accounts.

Restricted Cash

Under the provisions of its charter, SACS–NYC established an escrow account to pay for legal and audit expenses that would be associated with a dissolution should it occur.

Property and Equipment

Purchased property and equipment are recorded at cost. Property and equipment acquired with certain government funding are recorded as expenses pursuant to the terms of the contract, in which ownership of such property and equipment is retained by the funding source. Maintenance and repairs are expensed as incurred. No depreciation is recorded on construction-in-progress until property and equipment is placed into service. Depreciation and amortization is provided on the straight line method over the estimated useful lives as follows:

Equipment	3 years
Furniture and fixtures	3 years
Website development	3 years
Software	3 years
Leasehold improvements	5 years

Refundable Advances

SACS–NYC records certain government grants and contracts as refundable advances until related services are performed, at which time it is recognized as revenue.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of federal, state, and city entitlements and grants. SACS–NYC expects to collect these receivables within one year.

NOTE 3 - INVESTMENTS

Investments held by SACS–NYC at June 30, 2013 consist of certificate of deposits in the amount of \$11,172,036. These investments are presented in the combined statement of financial position at fair value. Interest income from these investments amounted to \$25,463 for the year ended June 30, 2013.

NOTE 4 - FAIR VALUE MEASUREMENTS

FASB ASC 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SACS–NYC has the ability to access.
- Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly including inputs in markets that are not considered to be active.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The primary uses of fair value measures in SACS–NYC's combined financial statements are:

- initial measurement of noncash gifts, including gifts of investment assets.
- recurring measurement of investments.

SACS–NYC's investments at June 30, 2013, consist of certificate of deposits in the amount of \$11,172,036, which is classified as level 1 in the fair value hierarchy.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2013:

Equipment	\$ 2,710,599
Furniture and fixtures	2,177,092
Website development	44,315
Software	1,397,713
Leasehold improvements	<u>2,970,583</u>
	9,300,302
Less: Accumulated depreciation and amortization	<u>5,314,544</u>
	<u>\$ 3,985,758</u>

Depreciation and amortization expense was \$1,753,768 for the year ended June 30, 2013.

NOTE 6 - RELATED PARTY TRANSACTIONS

SACS–NYC is an affiliate of Success Academy Charter Schools, Inc. (the “Network”), a not-for-profit charter management organization dedicated to helping start and manage charter schools, provide management and other administrative support services to the schools.

Pursuant to the terms of the Academic and Business Service Agreement by and between the Network and SACS–NYC, dated April 21, 2012, the Network shall provide educational management and operational services to SACS–NYC. As compensation to the Network for these services rendered, SACS–NYC shall pay to the Network an amount each year equal to the total full-time equivalent enrollment of students in SACS–NYC multiplied by “the per pupil fee”. The per pupil fee shall be increased or decreased each year by the percentage increase or decrease in the Final Adjusted Expense Per Pupil for charter schools in the New York City school district commencing with and including the 2012-2013 school year. The per pupil fee was \$2,029 for the year ended June 30, 2013. For operational efficiency and purchasing power, SACS–NYC also shares expenses with the Network and seven other charter schools related by common management.

For the year ended June 30, 2013, SACS–NYC incurred \$5,632,591 in management fees, and there were no material transactions between SACS–NYC and the related charter schools. The balance due to the Network from SACS–NYC at June 30, 2013 amounted to \$2,153,385. These balances represent expenses paid by the Network on behalf of SACS–NYC. SACS–NYC fully repaid this balance prior to the issuance of this report.

During the year ended June 30, 2013, SACS–NYC signed a loan agreement with the Network in the amount of \$1,700,000 with annual interest equal to the prevailing interest rate available to the Network as of the date of each advance. According to the loan agreement, SACS–NYC received \$1,450,000 from the Network through June 30, 2013 and will receive the remaining \$250,000 during the year ending June 30, 2014.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 - RELATED PARTY TRANSACTIONS (Continued)

The loan and any accrued unpaid interest are due in full within three years of this agreement. The loan may be prepaid by SACS–NYC, at any time, in whole or in part, without penalty. The proceeds were used to finance SACS–NYC’s operations. The outstanding principal balance of the loan at June 30, 2013 was \$1,450,000. SACS–NYC paid \$3,386 in interest expense on this loan for the year ended June 30, 2013.

NOTE 7 - CONTINGENCY

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying combined financial statements. Accordingly, no amounts have been provided in the accompanying combined financial statements for such potential claims.

Success Academy Charter School – Harlem 1 and Success Academy Charter School – Harlem 4 joined fifteen other charter schools as Intervenor-Defendants against a lawsuit seeking to compel the New York City Department of Education ("DOE") to collect rent from public charter schools co-located in DOE public school buildings beginning with the 2011-2012 school year. The Intervenor-Defendants' motion to dismiss the complaint was granted on April 29, 2013, and the plaintiffs' motion to reargue the motion is currently pending. If plaintiffs were to receive the relief requested, charter schools co-located in DOE public school buildings would have to reimburse the DOE "at cost". It is the position of the Intervenor-Defendants that plaintiffs are not entitled to the relief requested in the complaint.

NOTE 8 - REVENUE CONCENTRATION

SACS–NYC receives substantially all of its support and revenue from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, SACS–NYC’s finances could be materially adversely affected.

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSE

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expense includes those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of SACS–NYC.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - DONATED SERVICES

Donated services are recognized as contributions in accordance with FASB ASC 605, “Accounts for Contributions Received and Contributions Made,” if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by SACS–NYC.

SACS–NYC received legal services at no charge. The value of these services meets the criteria for recognition in the combined financial statements and was recorded at fair value of \$41,304 for the year ended June 30, 2013.

NOTE 11 - RETIREMENT PLAN

SACS–NYC maintains a pension plan qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, SACS–NYC will match employee contributions up to 3% of annual compensation. Employer match for the year ended June 30, 2013 amounted to \$401,781.

NOTE 12 - SUBSEQUENT EVENTS

In preparing these combined financial statements, SACS–NYC has evaluated events and transactions for potential recognition or disclosure through October 21, 2013, the date the combined financial statements were available to be issued.

FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

TO THE BOARD OF TRUSTEES OF
SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

We have audited the combined financial statements of Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) as of and for the year then ended, and have issued our report thereon dated October 21, 2013, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The combined schedule of functional expenses and combining statements of activities are presented for the purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 21, 2013

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINED SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Regular Education	Special Education	Total Program Service	Management and General	Total
Salaries	\$ 17,006,220	\$ 4,233,392	\$ 21,239,612	\$ 1,845,515	\$ 23,085,127
Payroll taxes and employee benefits	3,919,898	993,187	4,913,085	401,439	5,314,524
Professional development	493,470	118,842	612,312	-	612,312
Legal	-	-	-	41,304	41,304
Audit and accounting	-	-	-	70,001	70,001
Professional fees	15,173	2,796	17,969	1,989	19,958
Travel and entertainment	12,681	2,933	15,614	1,422	17,036
Student food service	600,704	150,219	750,923	-	750,923
Instructional supplies and textbooks	1,618,099	380,726	1,998,825	-	1,998,825
Management fee	-	-	-	5,632,591	5,632,591
Interest expense	-	-	-	3,386	3,386
Teacher recruitment	552,532	135,423	687,955	-	687,955
Student recruitment	1,092,322	279,774	1,372,096	-	1,372,096
Consulting	22,394	4,978	27,372	2,612	29,984
Uniforms	30,284	7,386	37,670	-	37,670
Office supplies	237,574	60,335	297,909	24,217	322,126
Field trips	348,757	83,080	431,837	-	431,837
School culture	283,807	68,824	352,631	-	352,631
Special events	205,201	51,382	256,583	21,051	277,634
Equipment rental	161,472	39,714	201,186	16,966	218,152
Student assessments	67,007	15,152	82,159	-	82,159
Telephone and internet services	310,483	77,116	387,599	32,149	419,748
Postage and delivery	79,454	19,107	98,561	8,466	107,027
Insurance	220,658	54,818	275,476	22,826	298,302
Facilities expense	213,185	55,451	268,636	21,038	289,674
Information technology	1,127,850	255,553	1,383,403	139,291	1,522,694
Non-capitalized furniture, fixtures, and equipment	131,530	31,215	162,745	14,295	177,040
Depreciation and amortization	1,300,658	314,840	1,615,498	138,270	1,753,768
Miscellaneous	43,789	11,109	54,898	4,134	59,032
Total	\$ 30,095,202	\$ 7,447,352	\$ 37,542,554	\$ 8,442,962	\$ 45,985,516

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>H1</u>	<u>H2</u>	<u>H3</u>	<u>H4</u>	<u>H5</u>	<u>HW</u>	<u>HC</u>	<u>BX3</u>
Revenue and support:								
State and local per pupil operating revenue	\$ 9,196,523	\$ 8,908,693	\$ 7,777,376	\$ 6,111,558	\$ 4,654,513	\$ 2,467,029	\$ 1,901,336	\$ -
Federal grants	434,952	489,830	380,049	286,121	249,463	364,089	353,280	157,467
State and city grants	50,000	71,505	71,505	71,505	50,000	-	-	-
Contributions and private grants	-	-	-	-	-	250,000	-	-
Donated services	20,652	-	-	-	20,652	-	-	-
Interest income	7,573	4,727	4,010	2,798	2,217	2,069	2,069	-
Other income	1,638	842	744	507	768	535	541	-
	<u>9,711,338</u>	<u>9,475,597</u>	<u>8,233,684</u>	<u>6,472,489</u>	<u>4,977,613</u>	<u>3,083,722</u>	<u>2,257,226</u>	<u>157,467</u>
Expenses:								
Program services								
Regular education	5,945,183	5,789,732	5,356,184	4,163,776	3,218,976	2,575,080	2,122,061	150,172
Special education	1,689,380	1,687,699	1,354,891	1,087,609	691,562	380,321	318,561	25,936
Total program services	<u>7,634,563</u>	<u>7,477,431</u>	<u>6,711,075</u>	<u>5,251,385</u>	<u>3,910,538</u>	<u>2,955,401</u>	<u>2,440,622</u>	<u>176,108</u>
Supporting service								
Management and general	1,762,880	1,651,892	1,510,790	1,183,692	986,182	654,994	566,463	3,526
	<u>9,397,443</u>	<u>9,129,323</u>	<u>8,221,865</u>	<u>6,435,077</u>	<u>4,896,720</u>	<u>3,610,395</u>	<u>3,007,085</u>	<u>179,634</u>
Changes in unrestricted net assets	313,895	346,274	11,819	37,412	80,893	(526,673)	(749,859)	(22,167)
Unrestricted net assets - beginning of year	<u>6,326,298</u>	<u>5,562,844</u>	<u>4,836,762</u>	<u>2,814,650</u>	<u>1,632,285</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted net assets - end of year	<u>\$ 6,640,193</u>	<u>\$ 5,909,118</u>	<u>\$ 4,848,581</u>	<u>\$ 2,852,062</u>	<u>\$ 1,713,178</u>	<u>\$ (526,673)</u>	<u>\$ (749,859)</u>	<u>\$ (22,167)</u>

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
(A Not-For-Profit Corporation)
COMBINING STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

	CR	FG	HK	PH	US	H3 100th Street	HNC	HS	Total
Revenue and support:									
State and local per pupil operating revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,017,028
Federal grants	89,279	90,315	161,091	90,315	162,043	-	-	-	3,308,294
State and city grants	-	-	-	-	-	-	-	-	314,515
Contributions and private grants	-	-	-	-	-	-	-	-	250,000
Donated services	-	-	-	-	-	-	-	-	41,304
Interest income	-	-	-	-	-	-	-	-	25,463
Other income	-	-	-	-	-	-	-	-	5,575
Total revenue and support	89,279	90,315	161,091	90,315	162,043	-	-	-	44,962,179
Expenses:									
Program services									
Regular education	122,241	167,362	139,773	147,744	125,576	2,639	13,863	54,840	30,095,202
Special education	53,360	20,260	27,494	45,461	42,503	813	4,628	16,874	7,447,352
Total program services	175,601	187,622	167,267	193,205	168,079	3,452	18,491	71,714	37,542,554
Supporting service									
Management and general	41,590	10,266	20,545	6,302	19,076	583	12,409	11,772	8,442,962
Total expenses	217,191	197,888	187,812	199,507	187,155	4,035	30,900	83,486	45,985,516
Changes in unrestricted net assets	(127,912)	(107,573)	(26,721)	(109,192)	(25,112)	(4,035)	(30,900)	(83,486)	(1,023,337)
Unrestricted net assets - beginning of year	-	-	-	-	-	-	-	-	21,172,839
Unrestricted net assets - end of year	<u>\$ (127,912)</u>	<u>\$ (107,573)</u>	<u>\$ (26,721)</u>	<u>\$ (109,192)</u>	<u>\$ (25,112)</u>	<u>\$ (4,035)</u>	<u>\$ (30,900)</u>	<u>\$ (83,486)</u>	<u>\$ 20,149,502</u>

FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

TO THE BOARD OF TRUSTEES OF
SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

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 combined financial statements of Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) (“SACS–NYC”), which comprise the combined statement of financial position as of June 30, 2013, and the related combined statements of activities, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated October 21, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined 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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of SACS–NYC’s internal control. Accordingly, we do not express an opinion on the effectiveness of SACS–NYC’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of SACS–NYC’s combined 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.

TO THE BOARD OF TRUSTEES OF
SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SACS–NYC’s combined 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 combined 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 SACS–NYC’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SACS–NYC’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 21, 2013

FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

156 WEST 56TH STREET

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

TO THE BOARD OF TRUSTEES OF
SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

Report on Compliance for Each Major Federal Program

We have audited Success Academy Charter Schools – NYC's (f/k/a Harlem Success Academy Charter School 3) ("SACS–NYC") compliance with the types of compliance requirements described in the OMB Circular A-133 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, 2013. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 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.

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, 2013.

TO THE BOARD OF TRUSTEES OF
SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)

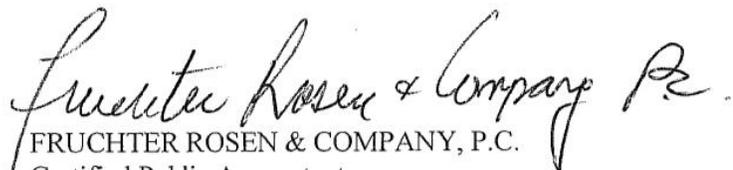
Report on Internal Control over Compliance

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 OMB Circular A-133, 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 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 21, 2013

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

A - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the combined financial statements of Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3).
2. No significant deficiencies and no material weaknesses were discovered during the audit of the combined financial statements.
3. No instances of noncompliance material to the combined financial statements of Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3), which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies and no material weaknesses relating to the audit of the major federal award programs are reported in accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) are reported in this schedule.
7. The programs tested as major programs included:
 - Title I Part A, CFDA No. 84.010
 - Charter Schools Program for Replication and Expansion
 - of High-Quality Charter Schools, CFDA No. 84.282M
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) did not qualify as a low-risk auditee.

B - FINDINGS - COMBINED FINANCIAL STATEMENTS AUDIT

None

C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

SUCCESS ACADEMY CHARTER SCHOOLS - NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor Pass-through Grantor Program Name/Cluster	Federal CFDA Number	Federal Expenditures
U.S. Department of Education: Charter Schools Program for Replication and Expansion of High-Quality Charter Schools	84.282M	\$ 1,287,721
Passed through the New York State Education Department: Charter Schools Program	84.282	\$ 269,909
Special Education - IDEA	84.027	369,123
Title I Part A	84.010	1,317,419
Title II Part A	84.367	64,122
Total New York State Education Department		<u>2,020,573</u>
Total Expenditures of Federal Awards		<u>\$ 3,308,294</u>

The accompanying notes are an integral part of the combined financial statements.

SUCCESS ACADEMY CHARTER SCHOOLS – NYC
(F/K/A HARLEM SUCCESS ACADEMY CHARTER SCHOOL 3)
NOTES TO COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE A - BASIS OF PRESENTATION

The accompanying combined schedule of expenditures of federal awards includes the federal grant activity of Success Academy Charter Schools – NYC (f/k/a Harlem Success Academy Charter School 3) and is presented on the accrual basis of accounting for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements on OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic combined financial statements.

Budget / Operating Plan

2														
3														
4														
5														
6	Total Revenue	-	1,219,541	-	-	1,197,327	-	-	1,197,327	-	-	1,328,575	-	-
7	Total Expenses	-	Err:510	-	-	Err:510	-	-	Err:510	-	-	Err:510	-	-
8	Net Income	-	Err:510	-	-	Err:510	-	-	Err:510	-	-	Err:510	-	-
9	Actual Student Enrollment	-	354	-	-	354	-	-	354	-	-	354	-	-
10	Total Paid Student Enrollment	-	354	-	-	354	-	-	354	-	-	354	-	-
11														
12		Prior Year Actual		1st Quarter - 7/1 - 9/30		2nd Quarter - 10/1 - 12/31		3rd Quarter - 1/1 - 3/31		4th Quarter - 4/1 - 6/30				
13			Original	Current	Variance	Original	Current	Variance	Original	Current	Variance	Original	Current	Variance
159														
160	ENROLLMENT - *School Districts Are Linked To Above Entries*													
161	School District 1 (Enter Name)	-	354	-	-	354	-	-	354	-	-	354	-	-
162	School District 2 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
163	School District 3 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
164	School District 4 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
165	School District 5 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
166	School District 6 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
167	School District 7 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
168	School District 8 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
169	School District 9 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
170	School District 10 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
171	School District 11 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
172	School District 12 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
173	School District 13 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
174	School District 14 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
175	School District 15 (Enter Name)	-	-	-	-	-	-	-	-	-	-	-	-	-
176	School District - ALL OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
177	TOTAL ENROLLMENT	-	354	-	-	354	-	-	354	-	-	354	-	-
178														
179	REVENUE PER PUPIL	-	3,445	-	-	3,382	-	-	3,382	-	-	3,753	-	-
180														
181	EXPENSES PER PUPIL	-	Err:510	-	-	Err:510	-	-	Err:510	-	-	Err:510	-	-

Budget / Operating Plan						DESCRIPTION OF ASSUMPTIONS
6	Total Revenue	4,942,771	4,942,771	-	4,942,771	4,942,771
7	Total Expenses	Err:\$10	Err:\$10	Err:\$10	Err:\$10	Err:\$10
8	Net Income	Err:\$10	Err:\$10	Err:\$10	Err:\$10	Err:\$10
9	Actual Student Enrollment					
10	Total Paid Student Enrollment					
11						
12		Original	Total Year Current	Variance	Original vs. PY	Current vs. PY
13						
14						
15	REVENUE					
16	REVENUES FROM STATE SOURCES					
17	Per Pupil Revenue	CY Per Pupil Rate				
18	School District 1 (Enter Name)		4,357,047	4,357,047	-	4,357,047
19	School District 2 (Enter Name)		-	-	-	-
20	School District 3 (Enter Name)		-	-	-	-
21	School District 4 (Enter Name)		-	-	-	-
22	School District 5 (Enter Name)		-	-	-	-
23	School District 6 (Enter Name)		-	-	-	-
24	School District 7 (Enter Name)		-	-	-	-
25	School District 8 (Enter Name)		-	-	-	-
26	School District 9 (Enter Name)		-	-	-	-
27	School District 10 (Enter Name)		-	-	-	-
28	School District 11 (Enter Name)		-	-	-	-
29	School District 12 (Enter Name)		-	-	-	-
30	School District 13 (Enter Name)		-	-	-	-
31	School District 14 (Enter Name)		-	-	-	-
32	School District 15 (Enter Name)		-	-	-	-
33	School District - ALL OTHER		-	-	-	-
34	TOTAL Per Pupil Revenue (Average Districts Per Pupil Funding)		4,357,047	4,357,047	-	4,357,047
35	Special Education Revenue		432,262	432,262	-	432,262
36	Grants					
37	Stimulus		-	-	-	-
38	DYCD (Department of Youth and Community Developm.)		-	-	-	-
39	Other		-	-	-	-
40			-	-	-	-
41	TOTAL REVENUE FROM STATE SOURCES		4,789,309	4,789,309	-	4,789,309
42						
43	REVENUE FROM FEDERAL FUNDING					
44	IDEA Special Needs		42,393	42,393	-	42,393
45	Title I		103,441	103,441	-	103,441
46	Title Funding - Other		7,628	7,628	-	7,628
47	School Food Service (Free Lunch)		-	-	-	-
48	Grants					
49	Charter School Program (CSP) Planning & Implementation		-	-	-	-
50	Other		-	-	-	-
51			-	-	-	-
52	TOTAL REVENUE FROM FEDERAL SOURCES		153,462	153,462	-	153,462
53						
54	LOCAL and OTHER REVENUE					
55	Contributions and Donations		-	-	-	-
56	Fundraising		-	-	-	-
57	Excess Reimbursement		-	-	-	-
58	Earnings on Investments		-	-	-	-
59	Interest Income		-	-	-	-
60	Food Service (Income from meals)		-	-	-	-
61	Text Book		-	-	-	-
62	OTHER		-	-	-	-
63	TOTAL REVENUE FROM LOCAL and OTHER SOURCES		-	-	-	-
64						
65	TOTAL REVENUE		4,942,771	4,942,771	-	4,942,771
66						

Budget / Operating Plan						DESCRIPTION OF ASSUMPTIONS
		4,942,771	4,942,771	-	4,942,771	4,942,771
		Err:510	Err:510	Err:510	Err:510	Err:510
		Err:510	Err:510	Err:510	Err:510	Err:510
6	Total Revenue	4,942,771	4,942,771	-	4,942,771	4,942,771
7	Total Expenses	Err:510	Err:510	Err:510	Err:510	Err:510
8	Net Income	Err:510	Err:510	Err:510	Err:510	Err:510
9	Actual Student Enrollment					
10	Total Paid Student Enrollment					
11						
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68	EXPENSES					
69	ADMINISTRATIVE STAFF PERSONNEL COSTS					
70	Executive Management	No. of Positions	Err:510	Err:510	Err:510	Err:510
71	Instructional Management	-	Err:510	Err:510	Err:510	Err:510
72	Deans, Directors & Coordinators	-	Err:510	Err:510	Err:510	Err:510
73	CFO / Director of Finance	-	Err:510	Err:510	Err:510	Err:510
74	Operation / Business Manager	-	Err:510	Err:510	Err:510	Err:510
75	Administrative Staff	-	Err:510	Err:510	Err:510	Err:510
76	TOTAL ADMINISTRATIVE STAFF	-	Err:510	Err:510	Err:510	Err:510
77						
78	INSTRUCTIONAL PERSONNEL COSTS					
79	Teachers - Regular	-	Err:510	Err:510	Err:510	Err:510
80	Teachers - SPED	-	Err:510	Err:510	Err:510	Err:510
81	Substitute Teachers	-	Err:510	Err:510	Err:510	Err:510
82	Teaching Assistants	-	Err:510	Err:510	Err:510	Err:510
83	Specialty Teachers	-	Err:510	Err:510	Err:510	Err:510
84	Aides	-	Err:510	Err:510	Err:510	Err:510
85	Therapists & Counselors	-	Err:510	Err:510	Err:510	Err:510
86	Other	-	Err:510	Err:510	Err:510	Err:510
87	TOTAL INSTRUCTIONAL	-	Err:510	Err:510	Err:510	Err:510
88						
89	NON-INSTRUCTIONAL PERSONNEL COSTS					
90	Nurse	-	Err:510	Err:510	Err:510	Err:510
91	Librarian	-	Err:510	Err:510	Err:510	Err:510
92	Custodian	-	Err:510	Err:510	Err:510	Err:510
93	Security	-	Err:510	Err:510	Err:510	Err:510
94	Other	-	Err:510	Err:510	Err:510	Err:510
95	TOTAL NON-INSTRUCTIONAL	-	Err:510	Err:510	Err:510	Err:510
96						
97	SUBTOTAL PERSONNEL SERVICE COSTS	-	Err:510	Err:510	Err:510	Err:510
98						
99	PAYROLL TAXES AND BENEFITS					
100	Payroll Taxes	-	Err:510	Err:510	Err:510	Err:510
101	Fringe / Employee Benefits	-	Err:510	Err:510	Err:510	Err:510
102	Retirement / Pension	-	Err:510	Err:510	Err:510	Err:510
103	TOTAL PAYROLL TAXES AND BENEFITS	-	Err:510	Err:510	Err:510	Err:510
104						
105	TOTAL PERSONNEL SERVICE COSTS	-	Err:510	Err:510	Err:510	Err:510
106						
107	CONTRACTED SERVICES					
108	Accounting / Audit	-	Err:510	Err:510	Err:510	Err:510
109	Legal	-	Err:510	Err:510	Err:510	Err:510
110	Management Company Fee	-	Err:510	Err:510	Err:510	Err:510
111	Nurse Services	-	Err:510	Err:510	Err:510	Err:510
112	Food Service / School Lunch	-	Err:510	Err:510	Err:510	Err:510
113	Payroll Services	-	Err:510	Err:510	Err:510	Err:510
114	Special Ed Services	-	Err:510	Err:510	Err:510	Err:510
115	Titement Services (i.e. Title I)	-	Err:510	Err:510	Err:510	Err:510
116	Other Purchased / Professional / Consulting	-	Err:510	Err:510	Err:510	Err:510
117	TOTAL CONTRACTED SERVICES	-	Err:510	Err:510	Err:510	Err:510
118						
119	SCHOOL OPERATIONS					
120	Board Expenses	-	Err:510	Err:510	Err:510	Err:510
121	Classroom / Teaching Supplies & Materials	-	Err:510	Err:510	Err:510	Err:510
122	Special Ed Supplies & Materials	-	Err:510	Err:510	Err:510	Err:510
123	Textbooks / Workbooks	-	Err:510	Err:510	Err:510	Err:510
124	Supplies & Materials other	-	Err:510	Err:510	Err:510	Err:510
125	Equipment / Furniture	-	Err:510	Err:510	Err:510	Err:510
126	Telephone	-	Err:510	Err:510	Err:510	Err:510
127	Technology	-	Err:510	Err:510	Err:510	Err:510
128	Student Testing & Assessment	-	Err:510	Err:510	Err:510	Err:510
129	Field Trips	-	Err:510	Err:510	Err:510	Err:510
130	Transportation (student)	-	Err:510	Err:510	Err:510	Err:510
131	Student Services - other	-	Err:510	Err:510	Err:510	Err:510
132	Office Expense	-	Err:510	Err:510	Err:510	Err:510
133	Staff Development	-	Err:510	Err:510	Err:510	Err:510
134	Staff Recruitment	-	Err:510	Err:510	Err:510	Err:510
135	Student Recruitment / Marketing	-	Err:510	Err:510	Err:510	Err:510
136	School Meals / Lunch	-	Err:510	Err:510	Err:510	Err:510
137	Travel (Staff)	-	Err:510	Err:510	Err:510	Err:510
138	Fundraising	-	Err:510	Err:510	Err:510	Err:510
139	Other	-	Err:510	Err:510	Err:510	Err:510
140	TOTAL SCHOOL OPERATIONS	-	Err:510	Err:510	Err:510	Err:510
141						
142	FACILITY OPERATION & MAINTENANCE					
143	Insurance	-	Err:510	Err:510	Err:510	Err:510
144	Janitorial	-	Err:510	Err:510	Err:510	Err:510
145	Building and Land Rent / Lease	-	Err:510	Err:510	Err:510	Err:510
146	Repairs & Maintenance	-	Err:510	Err:510	Err:510	Err:510
147	Equipment / Furniture	-	Err:510	Err:510	Err:510	Err:510
148	Security	-	Err:510	Err:510	Err:510	Err:510
149	Utilities	-	Err:510	Err:510	Err:510	Err:510
150	TOTAL FACILITY OPERATION & MAINTENANCE	-	Err:510	Err:510	Err:510	Err:510
151						
152	DEPRECIATION & AMORTIZATION	-	Err:510	Err:510	Err:510	Err:510
153	RESERVES / CONTINGENCY	-	Err:510	Err:510	Err:510	Err:510
154						
155	TOTAL EXPENSES	-	Err:510	Err:510	Err:510	Err:510
156						
157	NET INCOME	-	Err:510	Err:510	Err:510	Err:510
158						

Appendix E: Disclosure of Financial Interest Form

Created Monday, July 22, 2013

Updated Thursday, August 01, 2013

Page 1

310500860979 HARLEM SUCCESS ACAD CS 5

An Appendix E: Disclosure of Financial Interest Form must be completed for each active Trustee who served on the charter school's Board of Trustees during the 2012-13 school year. Trustees are at times difficult to track down in the summer months. Trustees may complete and submit at their leisure (but before the deadline) their individual form at: <http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/>.

Trustees who are technologically advanced may complete the survey using their smartphones or other mobile devices by downloading the this bar code link to the survey <http://fluidsurveys.com/account/surveys/210748/publish/qrcode/>. (Make sure you have the bar code application reader on your phone).

If a Trustee is unable to complete the form by the deadline (i.e, out of the country), the school is responsible for submitting the information required on the form for that individual trustee.

Just send the links via email today to your Trustees requesting that they each complete their form as soon as possible.

Thank you.

Yes, each member of the school's Board of Trustees has received a link to the Disclosure of Financial Interest Form.

Yes

Thank you.

Appendix F: BOT Membership Table

Created Friday, July 26, 2013

Updated Thursday, August 01, 2013

Page 1

310500860979 HARLEM SUCCESS ACAD CS 5

1. Current Board Member Information

	Full Name of Individual Trustees	Position on Board (Officer or Rep).	Voting Member	Area of Expertise &/or Additional Role	Terms Served & Length (include date of election and expiration)	Committee affiliations
1	Sam Cole	Chair/President	Yes		Date appointed: 2/15/12, Terms served: 1	
2	Bryan Binder	Vice Chair/Vice President	Yes		Date appointed: 2/15/12, Terms served: 1	
3	Jay Bryant	Member	Yes		Date appointed: 2/15/12, Terms served: 1	
4	Sam Chainani	Member	Yes		Date appointed: 2/15/12, Terms served: 1	
5	Scott Friedman	Treasurer	Yes		Date appointed: 6/27/12, Terms served: 1	
6	Donna Kennedy	Member	Yes		Date appointed: 2/15/12, Terms served: 1	
7	Khadijah Pickel	Parent Rep	No		Date appointed: 6/27/12, Terms served: 1	
8	Lance Rosen	Member	Yes		Date appointed: 2/15/12, Terms served: 1	
9	Greg Sawers	Secretary	Yes		Date appointed: 2/15/12, Terms served: 1	
10	Cate Shainker	Member	Yes		Date appointed: 1/16/13, Terms served: 1	
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

2. Total Number of Members Joining Board during the 2012-13 school year

(No response)

3. Total Number of Members Departing the Board during the 2012-13 school year

(No response)

4. According to the School's by-laws, what is the maximum number of trustees that may comprise the governing board?

25

5. How many times did the Board meet during the 2012-13 school year?

Bi-monthly

6. How many times will the Board meet during the 2013-14 school year?

Bi-monthly

Thank you.

Appendix H: Enrollment and Retention Efforts

Success Academy Charter Schools undertake numerous strategies for recruiting and retaining students eligible for the Free and Reduced Price Lunch program ("FRPL"), English Language Learners ("ELL"), and students with special education needs. For the 2012-2013 school year, one strategy employed by Success Academy Charter Schools was a preference for ELLs in its admissions lotteries. Other strategies included extensive outreach, including, but not limited to:

- Mailings and distributions to residents of the CSD of a school's location (“**in-district** residents”), including residents in low-income in-district communities;
- Bilingual flyers dropped in public housing complexes, supermarkets, preschools, and community centers;
- Advertisements and marketing materials (including bilingual advertisements and materials) posted in local newspapers, supermarkets, preschools, community centers, and public housing apartment complexes;
- Tours of existing Success Academy schools; and/or
- Information sessions hosted at public and private venues frequented by families of young children, including daycare and nursery schools.

Success Academy Charter Schools will continue these extensive outreach efforts for the 2013-2014 school year, with a focus on reaching typically underserved families within the community, including those targeted by the enrollment and retention targets. Success Academy Charter Schools also work to ensure student retention through strong programs that serve special education, ELL, and FRPL students at a very high level. Further information about our programs and outreach efforts is available in our charter.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Monday, July 22, 2013

Updated Thursday, August 01, 2013

<https://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/cb72f97e53354f385001bb14e135de>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Gregory Sawers

2. Charter School Name:

Harlem Success Academy Charter School 5

3. Charter Authorizer:

SUNY

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

- Secretary

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

A handwritten signature consisting of the letters 'G' and 'S' in a stylized, cursive font. The 'G' is on the left and the 'S' is on the right, both written in black ink.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Monday, July 22, 2013

Updated Thursday, August 01, 2013

<https://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/e649dc9ed1cb914c284b60d18d711>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Donna Kennedy

2. Charter School Name:

Harlem Success Academy Charter School 5

3. Charter Authorizer:

SUNY

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

(No response)

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

A handwritten signature consisting of the letters 'D' and 'K' in a simple, bold, black ink style. The 'D' is a rounded rectangle with a curved bottom, and the 'K' is formed by a vertical line on the left and two diagonal lines extending to the right.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Monday, July 22, 2013

Updated Thursday, August 01, 2013

<https://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/73e9670de14ffe399e8384a3df3d70>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Lance Rosen

2. Charter School Name:

Harlem Success Academy Charter School 5

3. Charter Authorizer:

SUNY

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

(No response)

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

A handwritten signature consisting of the letters 'L' and 'R' in a stylized, blocky font. The 'L' is formed by a vertical line on the left and a horizontal line at the bottom. The 'R' is formed by a vertical line on the left, a curved top, and a long horizontal tail extending to the right.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Monday, July 22, 2013

Updated Thursday, August 01, 2013

<https://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/1559f553fdc0451ecae29d2b52c8e3>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Khadijah Patrick-Pickel

2. Charter School Name:

Harlem Success Academy Charter School 5

3. Charter Authorizer:

SUNY

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

- Parent Representative

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

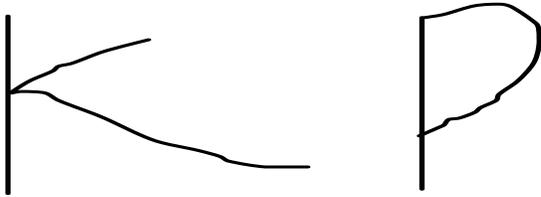
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

Handwritten signature consisting of the letters 'K' and 'P' in a cursive style. The 'K' is formed by a vertical line on the left, a diagonal line going up and right, and another diagonal line going down and right. The 'P' is formed by a vertical line on the left, a curved top, and a horizontal base.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Monday, July 22, 2013

Updated Wednesday, July 31, 2013

<https://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/d1d45d0ccd20eb18b67fc51c75d36>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Jay Bryant

2. Charter School Name:

Harlem Success Academy Charter School 5

3. Charter Authorizer:

SUNY

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

(No response)

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

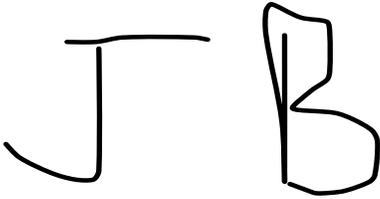
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

A handwritten signature consisting of the letters 'J' and 'B' in a simple, blocky font. The 'J' has a horizontal top bar and a curved bottom. The 'B' has a vertical stem and two rounded bowls.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Monday, July 22, 2013

Updated Thursday, August 01, 2013

<https://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/cda2258c6edc575b9c7cc586444bc>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Sandeep Chainani

2. Charter School Name:

Harlem Success Academy Charter School 5

3. Charter Authorizer:

SUNY

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

(No response)

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

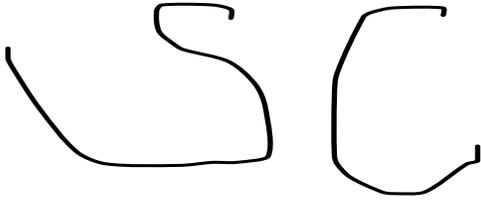
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

A handwritten signature consisting of the letters 'U', 'S', and 'C' in a stylized, cursive font. The 'U' is on the left, followed by the 'S', and then the 'C' on the right. The lines are thick and black.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Monday, July 22, 2013

Updated Thursday, August 01, 2013

<https://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/8bc215e0105c94c1db34e1d717df1>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Catherine Shainker

2. Charter School Name:

Harlem Success Academy Charter School 5

3. Charter Authorizer:

SUNY

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

- Other, please specify...

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

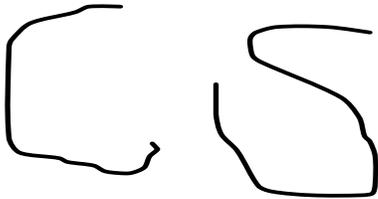
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

A handwritten signature consisting of the letters 'C' and 'S' in a stylized, cursive font. The 'C' is on the left and the 'S' is on the right, both written in black ink.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Monday, July 22, 2013

Updated Thursday, August 01, 2013

<https://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/a26816598d666c849626fbb102e77>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Scott Friedman

2. Charter School Name:

Harlem Success Academy Charter School 5

3. Charter Authorizer:

SUNY

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

- Treasurer

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

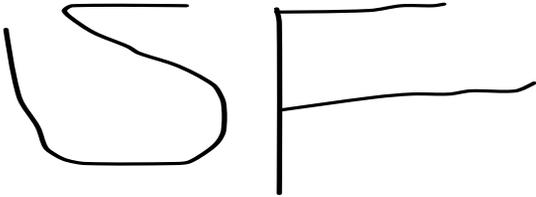
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

A handwritten signature consisting of the letters 'S' and 'F' in a simple, bold, black ink style. The 'S' is a large, rounded letter, and the 'F' is a tall, vertical letter with a horizontal top bar and a horizontal middle bar.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Friday, July 26, 2013

Updated Thursday, August 01, 2013

<https://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/7e8c4e6a32de52552f230cfa09247a>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Samuel Cole

2. Charter School Name:

Harlem Success Academy Charter School 5

3. Charter Authorizer:

SUNY

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

- Chair/President

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

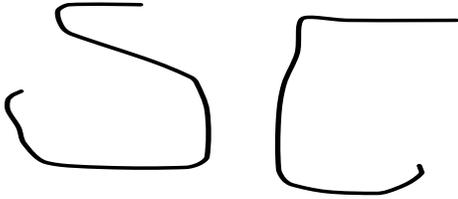
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee



Required Form: Appendix E - Disclosure of Financial Interest Form

Created Friday, July 26, 2013

Updated Thursday, August 01, 2013

<https://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/2972a6274eab4c74884612f929594>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Bryan Binder

2. Charter School Name:

Harlem Success Academy Charter School 5

3. Charter Authorizer:

SUNY

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

- Vice Chair/Vice President

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

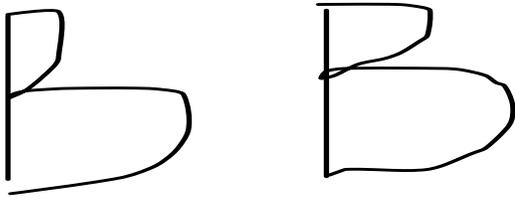
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

Two handwritten signatures of the letter 'B' are shown. The first signature is a simple, clean outline of the letter. The second signature is more stylized, with a horizontal line crossing the top of the letter.