



SOUTHSIDE ACADEMY CHARTER SCHOOL

Financial Statements, Additional
Information, and Federal Awards
Supplementary Information as of and
for the Year Ended June 30, 2023,
and Independent Auditor's Reports

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SOUTHSIDE ACADEMY CHARTER SCHOOL

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Independent Auditor's Report

To the Board of Trustees
Southside Academy Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southside Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2023 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Trustees
Southside Academy Charter School

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Southside Academy Charter School's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and supplemental New York Education Department schedule of functional expenses, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental New York Education Department schedule of functional expenses has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

To the Board of Trustees
Southside Academy Charter School

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023 on our consideration of Southside Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southside Academy Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southside Academy Charter School's internal control over financial reporting and compliance.

Plante Moran, PC

October 12, 2023

SOUTHSIDE ACADEMY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION YEAR ENDED JUNE 30, 2023

ASSETS

CURRENT ASSETS:

Cash	\$ 4,343
Due from governmental revenue sources	<u>794,615</u>

Total current assets 798,958

NON-CURRENT ASSETS:

Capital assets	117,723
Less accumulated depreciation	<u>(117,723)</u>

Capital assets, net -

Restricted cash 78,657

TOTAL \$ 877,615

LIABILITIES AND NET ASSETS

LIABILITIES:

Deferred revenue	5,473
Contracted service fee payable	<u>673,316</u>

Total liabilities 678,789

NET ASSETS - Net Assets without Donor Restriction 198,826

TOTAL \$ 877,615

See notes to financial statements

SOUTHSIDE ACADEMY CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS YEAR ENDED JUNE 30, 2023

REVENUES, GAINS AND OTHER SUPPORT - Without donor restriction:

Public School District

Resident Student Enrollment	\$ 9,102,008
Students with Disabilities	655,251

Grants, Contracts, and Other

Federal - Title, IDEA, and ESSER	1,546,677
Other	37,757
Child Nutrition Program - Federal	546,115
Child Nutrition Program - State	<u>8,838</u>

Total revenues, gains and other support	11,896,646
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EXPENSES:

Contracted Service Fee:

Program Services	9,844,887
Management and General	<u>2,057,933</u>

Total expenses	<u>11,902,820</u>
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CHANGE IN NET ASSETS - Without donor restriction	(6,174)
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NET ASSETS - Without donor restriction

Beginning of year	<u>205,000</u>
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End of year	<u><u>\$ 198,826</u></u>
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See notes to financial statements.

SOUTHSIDE ACADEMY CHARTER SCHOOL

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2023

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES

State aid	\$ 14,423,669
Other state sources	71,829
Federal sources	1,752,439
Private sources	22,879
Payments for services rendered	<u>(16,268,094)</u>

Net cash and restricted cash provided by operating activities	<u>2,722</u>
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NET INCREASE IN CASH AND RESTRICTED CASH	2,722
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CASH AND RESTRICTED CASH - Beginning of year	<u>80,278</u>
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CASH AND RESTRICTED CASH - End of year	<u><u>\$ 83,000</u></u>
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See notes to financial statements.

SOUTHSIDE ACADEMY CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

1. NATURE OF OPERATIONS

Southside Academy Charter School (the “School”) is a public charter school as defined by Article 56 of the New York State Education Law which provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The School operates under a charter approved by the New York City Department of Education, which is responsible for oversight of the School’s operations. The charter expires June 30, 2027 and is subject to renewal. Management believes the charter will be renewed in the ordinary course of business. The School provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The School is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The School’s primary source of revenue is provided by the State of New York and consists of an amount per student multiplied by weighted average student counts.

The Board of Trustees of the School has entered into a management agreement (the “agreement”) with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the School operates. The agreement will continue until termination or expiration of the charter, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the School or NHA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The financial statements have been prepared in accordance with generally accepted accounting principles accepted in the United States of America for not-for-profit organizations.

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash — Cash as of June 30, 2023 represents bank deposits which are covered by federal depository insurance.

Restricted Cash — Under the requirements of the NYSED, the School has agreed to establish a reserve cash account and maintain a minimum balance of \$100,000. The School did not meet minimum restricted cash requirements at June 30, 2023. At June 30, 2023, \$78,657 of cash is restricted for that purpose. In the event of the dissolution of the School, the reserve cash account would be used to pay for legal and audit expenses associated with the dissolution.

Deferred Revenue — Deferred revenue as of June 30, 2023 consists of funds received for services which have not yet been performed.

Contracted Service Fee Payable — Contracted service fee payable represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the services agreement.

Capital Assets — Capital assets, which include other equipment, are reported at historical cost. Capital assets are defined by the School as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Other equipment is depreciated using the straight-line method over useful lives of 3-10 years.

The Financial Statements – The financial statements are presented as follows:

Net assets and changes therein are classified and reported as follows:

- *Net Assets without Donor Restriction* — Net assets which are not subject to donor imposed or governmental stipulations. Net assets in this category may be expended for any purpose in performing the primary objectives of the School.
- *Net Assets with Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. As of June 30, 2023, no net assets are considered to be with donor restrictions.

The School derives its revenue primarily from state and local capitation from the public school districts based on student enrollment, contributions, and grants. Revenues and contributions are reported as follows:

- Revenues, gains and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed or governmental restrictions. Expenses are reported as decreases in net assets without donor restrictions. Other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or governmental restriction. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the stipulated time has elapsed) are reported as reclassifications between the applicable classes of net assets.
- Revenue from the state and local capitation is recognized over the period earned, regardless of the timing of related cash flows. Grants are recognized as revenue as eligibility requirements are met, the related expenses are incurred, or services performed, in accordance with terms of the respective grant or contract agreement.

Income Taxes — The School operates as a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School has received notification from the Internal Revenue Service (IRS) that they are considered exempt from Federal income tax under Section 501(c)(3) of the internal revenue code.

Accordingly, no provision for federal income taxes has been made.

Contribution of Nonfinancial Assets – Included as revenue, gains, and other support in the Statement of Activities are contributions of nonfinancial assets also known as gifts in-kind. Contributed professional services are recognized if the services received a) create or enhance non-financial assets or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These services are recognized as program revenue and expense and are valued at the estimated fair market value for the services as provided by the donor. There were no contributions of nonfinancial assets during the year ended June 30, 2023.

3. DUE FROM GOVERNMENTAL SOURCES

Receivables as of June 30, 2023 for the School included \$52,313 in state aid receivable, \$735,818 in federal grants receivable and \$6,484 in other receivables. The School considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

4. LIQUIDITY

The School had \$798,958 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$4,343 and amounts due from governmental revenue sources of \$794,615 at June 30, 2023. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The School has a goal to maintain financial assets, which consist of cash and short-term receivables on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,983,803 at June 30, 2023.

While the School does not typically carry financial assets in excess of 60 days of normal operating expenses, due to their management agreement with NHA, NHA is required to make contributions to the School if the School's expenditures exceeds the School's revenue during the year.

5. FUNCTIONAL EXPENSES

The School provides educational services to its students. Expenses related to providing these services are as follows for the year ended June 30, 2023:

Program Services - Contract service fee	\$ 9,844,887
Management and general - Contracted service fee	2,057,933
Total	<u>\$ 9,844,887</u>

The costs of providing the program and support services are allocated on an actual basis, when possible. Certain expenses attributable to more than one function and require an allocation, which is based on estimates determined by management, is consistently applied. Management and general expenses consist of expenditures incurred by the School based on their usage of management company services. Usage of management company services are calculated on a variety of different allocation methods based on various cost centers, including number of classrooms, number of students, and services provided. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different allocations.

6. RISK MANAGEMENT

The School is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2023, and claims did not exceed coverage less retained risk deductible amounts in the past fiscal year.

7. CONTINGENCIES

The School has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

8. LEASES

The School has entered into a sublease agreement with NHA for a facility to house the School. The lease term is from July 1, 2022 through June 30, 2023. Annual rental payments required by the lease were \$823,260 payable in twelve monthly payments of \$68,605. This lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the School or NHA.

The Academy is not a party to any leasing arrangements that meet the criteria for recognition of lease assets or liabilities under FASB ASU No. 2016-02, *Leases* based on the noncancellable period being less than twelve months and applicability of the short-term lease exception for the facility lease agreement.

The School subsequently renewed the sublease with NHA for the period of July 1, 2023 through June 30, 2024 at the same rental rate.

9. SUBSEQUENT EVENTS

Events or transactions for the year ended June 30, 2023 have been evaluated through October 12, 2023, the date the financial statements were available to be issued. The financial statements and the notes thereto do not reflect events or transactions after this date.

ADDITIONAL INFORMATION

SOUTHSIDE ACADEMY CHARTER SCHOOL

NEW YORK STATE EDUCATION DEPARTMENT SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services			Total
	Regular Education	Special Education	Total	Fund-raising	Management and General	Total	
Personnel Services Costs							
Administrative Staff Personnel	\$ 947,891	\$ 148,668	\$ 1,096,559	\$ -	\$ -	\$ -	\$ 1,096,559
Instructional Personnel	3,748,476	628,477	4,376,953	-	-	-	4,376,953
Total Salaries and Staff	4,696,367	777,145	5,473,512	-	-	-	5,473,512
Fringe Benefits & Payroll Taxes	803,237	126,086	929,323	-	-	-	929,323
Retirement	73,959	10,558	84,517	-	-	-	84,517
Legal Service	9,787	-	9,787	-	-	-	9,787
Accounting / Audit Services	-	-	-	-	288,663	288,663	288,663
Other Purchased / Professional / Consulting Services	72,445	68,773	141,218	-	811,743	811,743	952,961
Building and Land Rent / Lease	840,731	220,128	1,060,859	-	-	-	1,060,859
Repairs & Maintenance	309,517	81,041	390,558	-	44,603	44,603	435,161
Insurance	21,624	5,662	27,286	-	-	-	27,286
Utilities	58,955	15,436	74,391	-	-	-	74,391
Supplies / Materials	249,545	452	249,997	-	-	-	249,997
Equipment / Furnishings	281,554	73,719	355,273	-	-	-	355,273
Staff Development	149,230	2,716	151,946	-	-	-	151,946
Marketing / Recruitment	-	-	-	-	464,391	464,391	464,391
Technology	198,099	31,957	230,056	-	106,290	106,290	336,346
Food Service	507,514	-	507,514	-	-	-	507,514
Student Services	73,386	-	73,386	-	332,515	332,515	405,901
Office Expense	85,264	-	85,264	-	9,728	9,728	94,992
Total Expenses	<u>\$ 8,431,214</u>	<u>\$ 1,413,673</u>	<u>\$ 9,844,887</u>	<u>\$ -</u>	<u>\$ 2,057,933</u>	<u>\$ 2,057,933</u>	<u>\$ 11,902,820</u>

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*

Independent Auditor's Report

To Management and the Board of Trustees
Southside Academy Charter School

We have audited, 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, the basic financial statements of Southside Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the basic financial statements and have issued our report thereon dated October 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Trustees
Southside Academy Charter School

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alante Morsen, PC

October 12, 2023

SUPPLEMENTARY INFORMATION

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

Independent Auditor's Report

To the Board of Trustees
Southside Academy Charter School

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Southside Academy Charter School's (the "School") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the School's major federal program for the year ended June 30, 2023. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

To the Board of Trustees
Southside Academy Charter School

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

Plante Moreau, PC

October 12, 2023

SOUTHSIDE ACADEMY CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2023

Program Title/Project Number/Subrecipient Name	Grant/Project Number	Assistance Listing Number	Expenditures	Current Year Cash Transferred to Subrecipient
Clusters:				
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the New York State Department of Education:				
Cash Assistance:				
National School Lunch Program 2022 - 2023		10.555	\$ 355,988	\$ -
Supply Chain Assistance 2022 - 2023		10.555	<u>28,038</u>	<u>-</u>
National School Lunch Program Subtotal		10.555	384,026	-
National School Breakfast Program 2022 - 2023		10.553	<u>162,089</u>	<u>-</u>
Total Child Nutrition Cluster			546,115	-
Special Education Cluster - U.S. Department of Education - Passed through the Syracuse City School District:				
IDEA Flowthrough:				
IDEA Flowthrough 2022 - 2023		84.027	<u>50,000</u>	<u>-</u>
Total Special Education Cluster			50,000	-
Other federal awards:				
Passed through the New York State Department of Education:				
Title I Part A:				
Title I Part A 2021 - 2022	0021224182	84.010	16,988	-
Title I Part A 2022 - 2023	0021234182	84.010	<u>370,177</u>	<u>-</u>
Total Title I Part A		84.010	387,165	-
Title II Part A - Improving Teacher Quality:				
Title II Part A 2021 - 2022	0147224182	84.367	8,377	-
Title II Part A 2022 - 2023	0147234182	84.367	<u>78,905</u>	<u>-</u>
Total Title II Part A		84.367	87,282	-
Title IV - Student Support & Academic Enrichment:				
Title IV 2022 - 2023	0204234182	84.424	30,877	-
Education Stabilization Fund Program - U.S. Department of Education Passed through New York State Department of Education				
COVID-19 ESSER Formula Fund I	589021482	84.425D	26,415	-
COVID-19 ESSER Formula Fund II	589121482	84.425D	317,440	-
COVID-19 ESSER Formula Fund III ARP	588021482	84.425U	<u>646,870</u>	<u>-</u>
Total Education Stabilization Fund Program		84.425	990,725	-
U.S. Department of Agriculture - Passed through the New York State Department of Education:				
COVID-19 Pandemic EBT Local Level Costs		10.649	<u>628</u>	<u>-</u>
Total noncluster programs passed through the New York State Department of Education			<u>1,496,677</u>	<u>-</u>
Total federal awards			<u>\$ 2,092,792</u>	<u>\$ -</u>

SOUTHSIDE ACADEMY CHARTER SCHOOL

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Southside Academy Charter School (the "School") under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The School has elected not to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Federal/State Grant Payments – End of Year Report as published by the New York State Education Department in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

SOUTHSIDE ACADEMY CHARTER SCHOOL

Schedule of Findings and Questioned Costs Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

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

Unmodified

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

☐ Yes ☒ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
84.425	Education Stabilization Fund	Unmodified

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

\$750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

Section II - Financial Statement Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	