

## **SOUTHSIDE ACADEMY CHARTER SCHOOL**

Financial Statements and Additional  
Information as of and  
for the Year Ended June 30, 2025,  
and Independent Auditor's Reports

**NATIONAL  
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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, 2025 and the related statements of activities and change 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, 2025 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***

The supplemental New York State 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.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025 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.

*Alante Morax, PC*

October 27, 2025

## **SOUTHSIDE ACADEMY CHARTER SCHOOL**

### **STATEMENT OF FINANCIAL POSITION YEAR ENDED JUNE 30, 2025**

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#### **ASSETS**

##### **CURRENT ASSETS:**

Cash	\$ 3,000
Due from governmental revenue sources	<u>944,136</u>

Total current assets 947,136

##### **NON-CURRENT ASSETS:**

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

Capital assets, net -

Restricted cash 104,273

TOTAL \$ 1,051,409

#### **LIABILITIES AND NET ASSETS**

##### **LIABILITIES:**

Deferred revenue	\$ 25,444
Contracted service fee payable	<u>674,854</u>

Total liabilities 700,298

NET ASSETS - Net Assets without Donor Restriction 351,111

TOTAL \$ 1,051,409

See notes to financial statements

## **SOUTHSIDE ACADEMY CHARTER SCHOOL**

### **STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS YEAR ENDED JUNE 30, 2025**

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#### REVENUES, GAINS AND OTHER SUPPORT - Without donor restriction:

Public School District	
Resident Student Enrollment	\$ 9,701,996
Students with Disabilities	713,113
Grants, Contracts, and Other	
Federal - Title, IDEA, and ESSER	1,732,697
Child Nutrition Program - Federal	639,466
Child Nutrition Program - State	13,379
Other	<u>32,823</u>
Total revenues, gains and other support	12,833,474

#### EXPENSES:

Contracted Service Fee:	
Program Services	10,449,157
Management and General	<u>2,291,094</u>
Total expenses	<u>12,740,251</u>

CHANGE IN NET ASSETS - Without donor restriction 93,223

#### NET ASSETS - Without donor restriction

Beginning of year	<u>257,888</u>
End of year	<u>\$ 351,111</u>

See notes to financial statements.

## **SOUTHSIDE ACADEMY CHARTER SCHOOL**

### **STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2025**

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CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	
State aid	\$ 10,395,248
Other state sources	17,953
Federal sources	2,354,443
Private sources	23,203
Payments for services rendered	<u>(12,793,948)</u>
Net cash and restricted cash used in operating activities	<u>(3,101)</u>
NET DECREASE IN CASH AND RESTRICTED CASH	(3,101)
CASH AND RESTRICTED CASH - Beginning of year	<u>110,374</u>
CASH AND RESTRICTED CASH - End of year	<u><u>\$ 107,273</u></u>

See notes to financial statements.

# **SOUTHSIDE ACADEMY CHARTER SCHOOL**

## **NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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### **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 on the accrual basis of accounting 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, 2025 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. At June 30, 2025, \$104,273 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, 2025 consists of grant funds received for services which have not yet been performed. The School received cash related to grants of \$929,871 for June 30, 2025 that are conditioned upon incurring eligible expenditures for which \$980,179 of revenue was recognized at June 30, 2025 and \$25,444 has not yet been recognized as revenue.

**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, 2025, 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. The School had unspent awards of \$196,222 representing federal programs such as Title IA, Title IIA, and Title IV when related expenses are incurred.

**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, 2025.

### 3. DUE FROM GOVERNMENTAL SOURCES

Receivables as of June 30, 2025 for the School included \$147,344 in state aid receivable, \$16,586 in other receivable, and \$780,206 in federal grants receivable. The School considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

### 4. LIQUIDITY

The School had \$947,136 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$3,000 and amounts due from governmental revenue sources of \$944,136 at June 30, 2025. 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 \$2,123,000 at June 30, 2025.

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, 2025:

Program Services - Contracted service fee	10,449,157
Management and general - Contracted service fee	<u>2,291,094</u>
Total	12,740,251

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 2025, 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, 2024 through June 30, 2025. 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, 2025 through June 30, 2026 at the same rental rate.

## **9. SUBSEQUENT EVENTS**

Events or transactions for the year ended June 30, 2025 have been evaluated through October 27, 2025, 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.

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## **ADDITIONAL INFORMATION**

# **SOUTHSIDE ACADEMY CHARTER SCHOOL**

## **NEW YORK STATE EDUCATION DEPARTMENT SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2025**

	Program Services			Supporting Services			Total
	Regular Education	Special Education	Total	Fund-raising	Management and General	Total	
Personnel Services Costs							
Administrative Staff Personnel	\$ 633,422	\$ -	\$ 633,422	\$ -	\$ -	\$ -	\$ 633,422
Instructional Personnel	3,925,115	965,779	4,890,894	-	-	-	4,890,894
Non-Instructional Personnel	224,885	163,549	388,434	-	-	-	388,434
Total Salaries and Staff	4,783,422	1,129,328	5,912,750	-	-	-	5,912,750
Fringe Benefits & Payroll Taxes	890,642	195,802	1,086,444	-	-	-	1,086,444
Retirement	87,494	23,980	111,474	-	-	-	111,474
Legal Service	-	-	-	-	4,529	4,529	4,529
Accounting / Audit Services	-	-	-	-	339,967	339,967	339,967
Other Purchased / Professional / Consulting Services	5,755	39,488	45,243	-	858,529	858,529	903,772
Building and Land Rent / Lease	842,804	220,671	1,063,475	-	-	-	1,063,475
Repairs & Maintenance	411,443	107,728	519,171	-	56,286	56,286	575,457
Insurance	28,075	7,351	35,426	-	-	-	35,426
Utilities	84,406	22,100	106,506	-	-	-	106,506
Supplies / Materials	313,470	324	313,794	-	-	-	313,794
Equipment / Furnishings	97,208	25,452	122,660	-	-	-	122,660
Staff Development	162,144	1,251	163,395	-	-	-	163,395
Marketing / Recruitment	-	-	-	-	603,296	603,296	603,296
Technology	217,363	35,632	252,995	-	106,787	106,787	359,782
Food Service	594,310	-	594,310	-	-	-	594,310
Student Services	77,701	-	77,701	-	314,905	314,905	392,606
Office Expense	43,624	189	43,813	-	6,795	6,795	50,608
Total Expenses	<u>\$ 8,639,861</u>	<u>\$ 1,809,296</u>	<u>\$ 10,449,157</u>	<u>\$ -</u>	<u>\$ 2,291,094</u>	<u>\$ 2,291,094</u>	<u>\$ 12,740,251</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, 2025 and the related statements of activities and change in net assets and cash flows for the year then ended, and the related notes to the basic financial statements and have issued our report thereon dated October 27, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit 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.

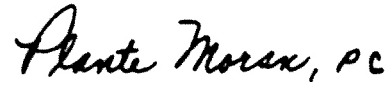
**Report on Compliance and Other Matters**

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.

A handwritten signature in black ink that reads "Alante Morsen, PC". The signature is written in a cursive, flowing style.

October 27, 2025