

FLORIDA DEPARTMENT OF EDUCATION

Office of Independent Education and Parental Choice



HOPE OPERATOR DESIGNATION INITIAL CRITERIA

Application Review Checklist

Entity Name: Success Academy Charter Schools, Inc.

Date of Review: 2/15/2024

- IRS Determination Letter as a 501(c)3
- Operates 3 or more K12 public charter schools
- Record of serving students from low-income families
- Meets one of the following criteria:
 - Awarded a U.S. Department of Education Charter School Replication/Expansion grant within the preceding 3 years
 - Current and active grantee of National Fund of the Charter School Growth Fund
 - Charter school selected by a district school board to turnaround the performance of a low performing public school (Sec 1008.33, F.S.)

Comments: Success Academy Charter Schools Inc., meets the criteria to be a Schools of Hope operator. About 78 percent of Success Academy students qualify for free or reduced-price lunch. And for the past six years, 100 percent of the charter school network's graduating seniors were admitted to four-year colleges and universities.

Reviewed and approved by: Adam Emerson, Executive Director, Office of Independent Education and Parental Choice

S U C C E S S
A C A D E M Y
C H A R T E R
S C H O O L S

February 14, 2024

Commissioner Manny Diaz Jr.
Florida Department of Education
Turlington Building, Suite 1514
325 West Gaines Street
Tallahassee, Florida 32399

Dear Commissioner:

Success Academy Charter Schools, Inc. hereby submits an application to be designated as a Florida School of Hope charter school operator. Since opening our first school in 2006, Success Academy (“SA”) has created the highest-performing public school district in New York state and is a national model of access to excellence for children across all demographics. The majority of the network’s 20,000 students across 53 schools are children of color from low-income households.

SA has reversed the achievement gap for thousands of public school children in New York City. Seventy-eight percent (78%) of our students qualify for free or reduced price federal school lunch and ninety-three percent (93%) are children of color, and yet they dramatically outperform their peers year after year. In 2023, ninety-two percent (92%) of SA students were proficient in math (compared with fifty percent (50%) of NYC students overall), and eighty percent (80%) were proficient in English Language Arts (compared with fifty-two percent (52%) of NYC students overall). SA’s English Language Learners (“ELL”) and special needs students also perform at high levels; indeed, both groups scored better in math and English Language Arts than NYC students *without* disabilities or ELL status.

At a time when many New York public schools are failing to prepare students for college, especially low-income students and students of color, for the sixth straight year, one-hundred percent (100%) of our graduating seniors were admitted to four-year colleges and universities, including a broad range of Ivy League and top tier private and state schools with 96% receiving an offer that met the student’s entire financial need. There is significant demand for our schools; in 2023, SA received more than 27,000 applications for approximately 3,700 seats. If SA’s 53

schools were one school district, it would be the fifth largest district in New York and would be the top performing one in the state.

A June 2023 Stanford University study demonstrated that charter students outperform traditional public school students.¹ Charter schools work. And at the heart of SA’s exceptional results are core elements of replicable design, which come together to provide a world class education to our scholars. We believe that every child, no matter their zip code, deserves the opportunities that only excellent schools can provide.

Success Academy has achieved these results while also maintaining an excellent track record for operational and financial efficiency, as evidenced by our financial statements since our founding. However, our scope has thus far been limited to New York. We are immensely excited at the prospect of bringing our success to Florida and look forward to exploring what we can accomplish together, given that Florida is a national leader in educational choice, as the Schools of Hope program demonstrates. Success believes its innovative model would translate well in Florida to bring further educational choice and opportunities to deserving Florida families.

Sincerely,



Eva Moskowitz
Founder & CEO
Success Academy Charter Schools

CC: Adam Miller, Senior Chancellor
Adam Emerson, Executive Director, Office of School Choice

¹ See Center for Research on Education Outcomes, Stanford University, “As a Matter of Fact: The National Charter School Study III,” June 2023, [credo.stanford.edu](https://creo.stanford.edu).



S U C C E S S A C A D E M Y

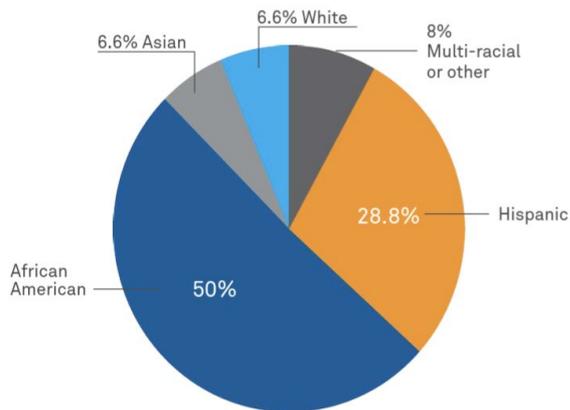
Updated: December 2023



Success Academy (SA) Snapshot

- SA's first school opened in Harlem in 2006.
- Today the network serves more than 20,000 scholars, K-12, across 53 schools in Manhattan, Queens, Brooklyn, and the Bronx.
- Admission to SA's tuition-free public schools is by random lottery.
- In addition to a rigorous core curriculum, SA offers scholars art, chess, athletics, theater, music, dance, debate, and over 100 scholar-run clubs incorporated into their academic curriculum.

2023-2024 Scholar Demographics



72% low-income

14% scholars with IEPs (individual education plans)

6% current or former English learners

Mission

SA's dual mission is to build world-class schools that empower children to thrive in college and in life and to advocate to overturn policies that block children from accessing high-quality educational opportunities.

SA's Difference

Our holistic approach to the K-12 experience provides children with a challenging, knowledge-rich, and immersive program that is inquiry-based and collaborative.

SA's curriculum encourages students to **think critically** and creatively, develop and debate ideas, and always support their opinions with evidence.

At the same time, SA strives to develop our scholars' autonomy, confidence, and deep learning.



SA's Impact

SA proves that exceptional outcomes are possible for all students, at scale, regardless of ZIP code or socioeconomic background.

- To date, **100%** of SA's graduates have been accepted to four-year colleges and universities, **67%** of which are selective or highly selective. **96%** received at least one offer that met their full financial need.
- **100%** of SA seniors take at least one AP test.
- **99.8%** of SA 8th graders passed the Algebra I Regents in 2023.
- Stanford's Center for Research on Education Outcomes (CREDO) study found SA scholars gained **206 days** over district and charter school peers in math and **107 days** in reading, some of the highest in the country.



SELECTED COLLEGE MATRICULATIONS

Asterisks represent colleges and universities where more than one SA graduate has matriculated.

Babson College*	Duke University*	Skidmore College*
Barnard College*	Emory University*	Smith College*
Bates College	Franklin & Marshall College	Spelman College*
Binghamton University*	Goucher College*	Stony Brook University*
Boston College*	Grinnell College*	SUNY Albany*
Boston University*	Harvard University	SUNY Buffalo State*
Bowdoin College	Haverford College*	SUNY College at Brockport*
Brandeis University*	Hobart and William Smith Colleges*	SUNY College at Oswego*
Brown University*	Howard University*	SUNY Cortland*
Bryn Mawr College	Ithaca College*	SUNY Old Westbury
Carnegie Mellon University*	Johns Hopkins University	SUNY Purchase College*
Case Western Reserve University	Kenyon College*	Swarthmore College*
City College of New York*	Lafayette College*	Syracuse University*
Clark Atlanta University*	Lehigh University*	Trinity College*
Colgate University*	Massachusetts Institute of Technology	Tufts University*
College of the Holy Cross	Middlebury College*	Tulane University*
Columbia University*	Morgan State University*	University at Buffalo*
Connecticut College	Mount Holyoke College*	University of Chicago*
Cornell University*	New York University*	University of Pennsylvania*
CUNY Bernard M Baruch College*	Northeastern University*	University of Southern California*
CUNY College of Staten Island*	Northwestern University	University of Wisconsin-Madison
CUNY Hunter College*	Oberlin College*	Wake Forest University*
CUNY John Jay College of Criminal Justice*	Occidental College*	Washington University in St. Louis*
CUNY Lehman College*	Pitzer College	Wesleyan University
Dartmouth College	Rensselaer Polytechnic Institute*	Wheaton College (MA)
Davidson College	Rice University*	Williams College
Delaware State University*	Rochester Institute of Technology*	Yale University*
Dickinson College	Rutgers University*	

AP Results: Success Academy HS vs. Specialized HS

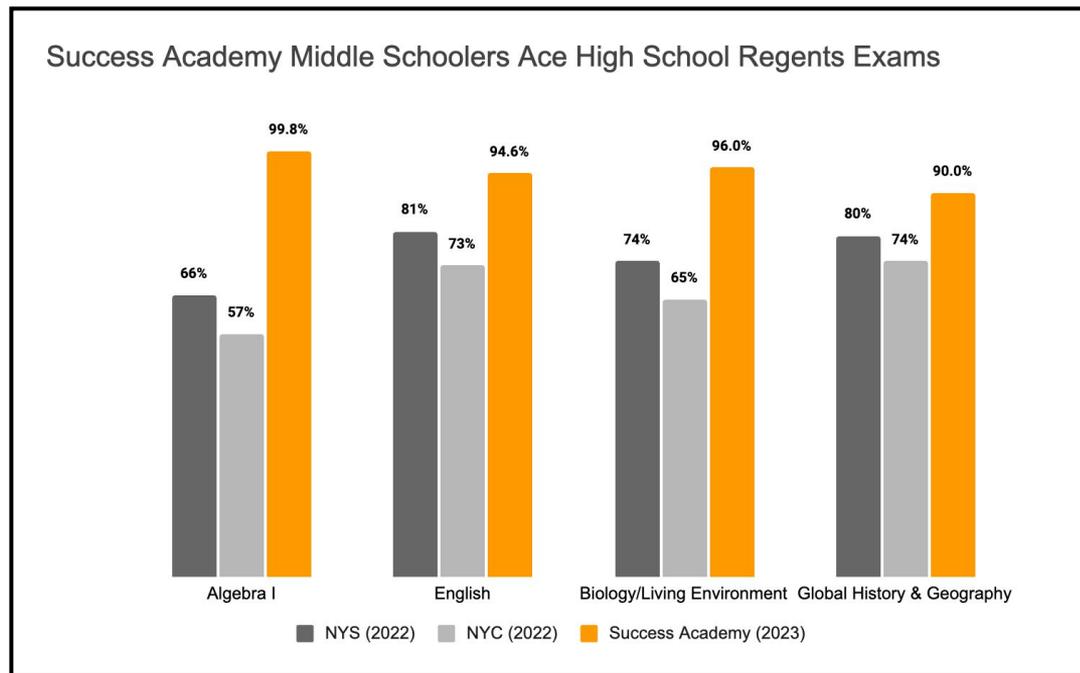
School*	Years in Operation	% Taking at Least 1 AP Exam	% Passing at Least 1 AP Exam
Success Academy	10	100%	100%
Stuyvesant	119	94%	92%
Brooklyn Tech	102	98%	95%
Brooklyn Latin	17	96%	91%
Bronx Science	85	93%	91%
Queens HS for Sciences	22	100%	100%
Staten Island Tech	35	100%	99%

*NYC schools' scores from US News & World Report 2023 High School Rankings.

2023 NY State Regents Test Results

In 2023, all 831 8th graders – mostly low-income scholars of color – sat for the Regents exams, with 99.8% passing the Algebra I Regents, and 47% scoring a level 5, the highest possible level.

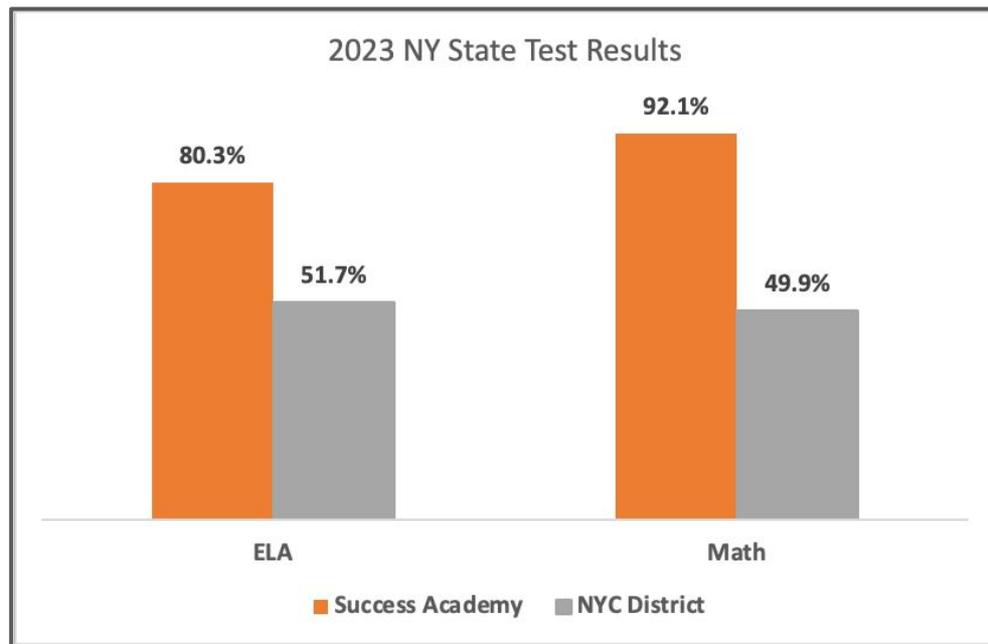
SA middle schoolers outperformed the city and state high school students, many of whom take Regents exams in 10th or 11th grade.



*Based on most recent publicly available data for New York State.

NY State Test Score Comparison: SA vs NYC District Schools

In the 22-23 school year, SA scholars highly performed on the NY State test, with **80.3% passing in ELA and 92.1% in math**. This compares to NYC-wide results of 51.7% and 49.9%, respectively.



How You Can Support SA

Charitable gifts to Success Academy are fully tax deductible and provide critical support for our continued growth, innovation, scholar enrichment, and other strategic programmatic and operational priorities.

Gifts, grants, and sponsorships fuel pursuit of SA's mission, enabling us to expand opportunities and transform the lives of even more scholars and families.

If you or your organization would like to join our community of supporters and/or be part of our annual Spring Benefit, we would be pleased to speak with you.

Contact us at advancement@successacademies.org or by calling 347-226-6051.

You can also make a gift online at www.successacademies.org/donate.



Success Academy High School of the Liberal Arts - Manhattan

OUR SCHOOL PROFILE 2023–2024

Success Academy Charter Schools opened its first elementary school in 2006, with the dual mission of advancing education reform in America and providing world-class academics to students across New York City.

Now with 53 schools and 23,000 students, the Success Academy network is the size of New York's fifth-largest school district. We're proving that exceptional outcomes are possible for all students, regardless of ZIP code or socioeconomic background.

OUR COMMUNITY

Success Academy High School of the Liberal Arts–Manhattan opened in 2014. Admission is limited to students who have completed eighth grade at an SA middle school, allowing our high school program to build on a rigorous K–8 foundation.

This year, Success Academy HSLA-MA enrolls approximately 900 high school students, of which 180 make up our senior class.

We're on track to reach 100 schools, at which point we will graduate 3,000 students annually across multiple high schools in NYC.

OUR COLLEGE ACCESS & PREPAREDNESS TEAM

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100%

of HSLA seniors have been accepted to 4-year colleges

67%

of seniors accepted to selective colleges

98%

are students of color

75%

are first-generation college students

74%

receive free or reduced-price lunch

8%

are English language learners

13+

languages spoken in the homes of SA HSLA students

CURRICULUM AND GRADUATION REQUIREMENTS

We require 4 years of core academic courses in English, History, Mathematics, and Science, and 23 credits for a diploma. Our advanced liberal arts curriculum prioritizes student-led inquiry and cross-disciplinary perspectives; courses are highly rigorous and considered college preparatory. In addition to completing the course load requirements, all students must earn New York State defined “college-ready” scores on at least five external exams. This may include Advanced Placement exams, SAT Subject Tests, and/or New York State Regents exams. Our program exceeds the distribution requirements for a New York State Regents Diploma. SA HSLA operates on a semester system.

THE HIGH SCHOOL PROGRAM

Required Scholar’s Choice

	Freshman Year	Sophomore Year	Junior Year	Senior Year
English 4 credits (4 years)	Survey of Great Books	Canonical Works of American Literature	AP Literature: Canonical Works of Global Lit	Fall: Creative Writing Workshop
				Spring: Senior English Seminar
History 4 credits (4 years)	AP World History: Modern	AP Modern World History	AP Macroeconomics or AP European History	AP Macroeconomics or AP European History
Math 4 credits (4 years)	Algebra II	Algebra II or Precalculus	Precalculus or AP Calculus AB or AP Statistics or Algebra II	AP Calculus AB or AP Statistics
Science 4 credits (4 years)	Principles of Biology or AP Biology I or AP Biology II	Principles of Chemistry or AP Chemistry or AP Biology I or AP Biology II	AP Chemistry or Principles of Chemistry or AP Biology II or AP Physics I	AP Chemistry or Principles of Chemistry or AP Physics or AP Biology I or AP Biology II
Arts 1 credit (2 semesters)	<i>Scholars choose from a range of visual arts, photography, music, dance, theater, and theater technology courses. Electives begin at the 100 level for open-enrollment to the 400 level for the most advanced. Enrollment in 300 and 400 level courses is selective.</i>			
Electives 6 credits (12 semesters)	<i>Scholars choose from a range of visual arts, performing arts, chess, basketball, track, and fitness courses, beginning at the 100 level for open-enrollment to the 400 level for the most advanced. Enrollment in 300 and 400 level courses is selective.</i> <i>Advanced scholars may also enroll in academic electives; see “Selective Programs.”</i>			
College Preparedness			Academic Core Seminar: SAT	

SELECTIVE ACADEMIC PROGRAMS

Scholars who are passionate about a specific discipline can explore their interests through rigorous, specialized college-level study in academic electives. The top 20% of STEM scholars may elect into one of the three paths of STEM Academy, while the Humanities Academy diploma designation is open to any scholar who fulfills the academic requirements.

Course Requirements

<p>STEM Academy: Engineering 2 credits (4 semesters)</p>	<p>In this two-year program, scholars cycle through a sequence of four semester-long survey courses, which prepares them with the foundation and knowledge to pursue engineering in college:</p> <ul style="list-style-type: none"> • Environmental Engineering • Biomedical Engineering • Electrical Engineering • Mechanical Engineering
<p>STEM Academy: Pre-Medicine 2 credits (2 years)</p>	<p>In this two-year program, scholars explore their interests in medicine through foundational coursework, culminating in a capstone research project on a topic of their choosing.</p> <ul style="list-style-type: none"> • Year 1: Pathophysiology and Medical Microbiology • Year 2: Genetics/Immunology/Modern Medicine/Bioethics
<p>STEM Academy: Computer Science 2 credits (2 years)</p>	<p>Offered in partnership with Georgia Institute of Technology, scholars master the fundamental design cycle of computer science and computer programming in this three-year program. The courses are held asynchronously, with office hours led by the Georgia Tech Computer Science department.</p> <ul style="list-style-type: none"> • Year 1: Computing in Python I: Fundamentals and Procedural Programming • Year 2: Computing in Python II: Control Structures
<p>Humanities Academy 4 credits (4 years)</p>	<p>The Humanities Academy is a diploma distinction that reflects a robust suite of Advanced Placement courses typically reserved for collegiate study.</p> <p>Scholars may earn this diploma distinction by successfully completing four AP courses in the humanities.</p> <ul style="list-style-type: none"> • AP Literature • AP World History • AP European History • AP Macroeconomics • AP Art History
<p>Dual Enrollment Partnerships 1–2 years earning college credits</p>	<p>Through our partnerships with Columbia College Edge and Hunter College College Now, a small number of scholars who have attained the highest level of achievement on our HSLA course offerings are accepted to enroll in Columbia, and/or Hunter undergraduate courses in mathematics and STEM, taught by university professors and taken alongside undergraduates.</p>

OUR COMMITMENT TO CHARACTER DEVELOPMENT

Academic and personal integrity stand at the core of our commitment to excellence. Our advisors work closely with parents to support our students' character development through regular academic check-ins, guided activities to build skills such as time management and self-advocacy, and mental health support from our school psychologists. A strong character is as important as academic success; students who commit acts of academic dishonesty, violence, drug use, and/or illegal activities serve suspensions of one or more days.

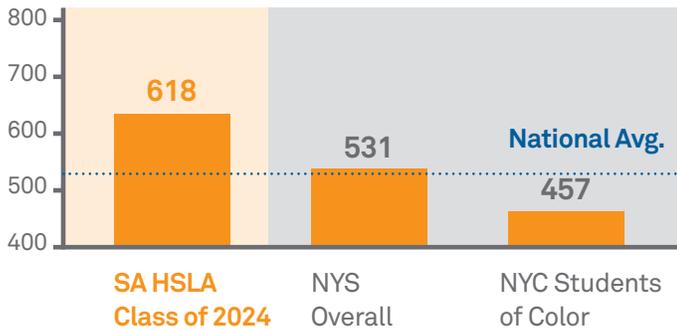
CLASS OF 2024

The class of 2024 began at the first Success Academy elementary schools across Harlem, and have grown up with our school network. These students performed in New York State's top five percent on state exams throughout grades 3–8.

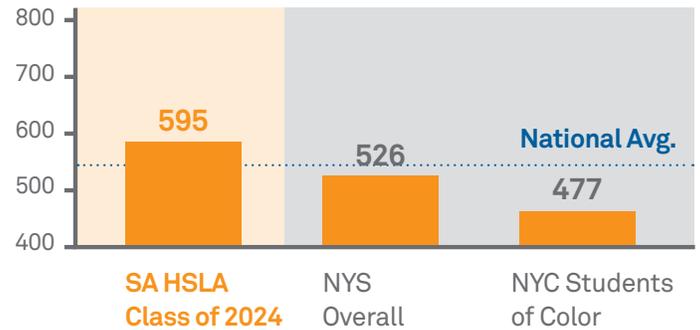
STANDARDIZED TESTS

SA HSLA Class of 2024 Composite Average: 1213

2024 SAT Math Average Score



2024 SAT Evidence-Based Reading and Writing



REMOTE LEARNING

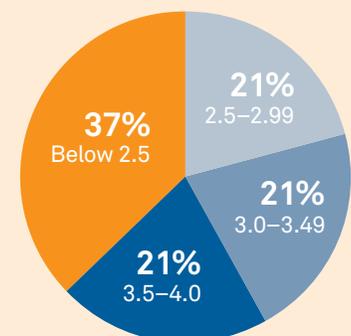
Almost all of our scholars reside in Harlem, Washington Heights, and the South Bronx.

- These neighborhoods represent some of the communities hardest-hit by COVID, not just in New York City, but in America.
- In the ongoing pandemic, our scholars have taken on primary caretaker and earning roles in their family, balanced with pursuing their educational goals. We remain committed to providing a rigorous education to all of our students, despite operating remotely from the fourth academic quarter in SY19–20 through the entire SY20–21 academic year.
- More than ever in the pandemic, we upheld our responsibility as educators to provide a rigorous education to our scholars that prepares them to persist in college.
- Because the skills and standards for college success have not changed, our curriculum and assessments were unchanged, nor was our commitment to accountability in our academic outcomes.
- Our students received full-day live instruction 5 days a week in their academic core and elective courses.
- In spite of the shift to online instruction, core academic courses and academic electives kept pace with the academic calendars in SY19–20 and SY20–21, covering all new academic material.
- We continued to use a differentiated grading system, so that our scholars and families would have transparency in their academic outcomes.
- We returned to in-person learning to launch SY 21–22, which began on August 2, 2021.

GRADES

- GPA is calculated on a four-point scale, and each class is unweighted.
- Percentage grades in AP and Honors courses are weighted, prior to calculating the unweighted GPA, to reflect a higher level of rigor.
- The top 10% of the class upon graduation, based on GPA, may earn an Honors designation on their diploma.
- Freshman year courses are graded High Pass, Pass, Fail and are not included in cumulative GPA.
- We do not practice grade inflation. The average GPA of our current senior class is 2.7, which is below the average of 3.0 over the last 5 years.

Class of 2024



COLLEGE ACCESS & PREPAREDNESS

We have created a school design and infrastructure aimed at helping all our students gain college admission — and succeed once they arrive on campus. We focus on cultivating the attributes and mindsets of successful college graduates.

WORK HABITS

Faculty advisors teach crucial life habits, such as time- and task-management, goal-setting, and self-advocacy. There are dedicated deans for every grade.

EXPERIENTIAL LEARNING

Our students gain practical, hands-on experience through research projects, internships, independent studies, and summer programs on college campuses. Many seniors earn the distinction of SA Summer Experience Fellow for one or more summers in their high school career. Summer Experience Fellows earn full tuition scholarships to attend summer pre-college programs.

ACADEMIC SEMINAR

Our students participate in college prep seminars that support their academic core coursework and emphasize building strong work habits. During the college application process, seniors learn about college-focused topics like financial literacy, self-advocacy, and stress management.

COMPETITIVE TEAMS

Basketball • Chess • Conservatory Dance Company • Debate • OT3 Hip Hop Dance Team • Track & Field

CLUBS

Afrobeats Dance • Chess and Strategy Games • Council on Scholar Affairs (COSA) • Echo A Cappella Choir • Film Appreciation Club • Fine Line Art Club • Gaming & Design • Gay-Straight Alliance • Hawk Drumline • SA Ambassadors • SA Mentors • Improv Troupe • International Thespian Society • Musical Theater • National Arts Honor Society • Naturally Me • Oh Snap! Photography Club • Ping Pong Club • Playwriting • Pre-Med • Psychology • RockHawks (Modern Pop Band) • SA-NAN (No Adults Needed) Student Tutoring • Sketch Comedy Crew • Studio Squad Elite Photography • Theater • Theater Tech Crew

SELECTED COLLEGE MATRICULATIONS

Asterisks represent colleges and universities where more than one SA graduate has matriculated.

Babson College*	Duke University*	Skidmore College*
Barnard College*	Emory University*	Smith College*
Bates College	Franklin & Marshall College	Spelman College*
Binghamton University*	Goucher College*	Stony Brook University*
Boston College*	Grinnell College*	SUNY Albany*
Boston University*	Harvard University	SUNY Buffalo State*
Bowdoin College	Haverford College*	SUNY College at Brockport*
Brandeis University*	Hobart and William Smith Colleges*	SUNY College at Oswego*
Brown University*	Howard University*	SUNY Cortland*
Bryn Mawr College	Ithaca College*	SUNY Old Westbury
Carnegie Mellon University*	Johns Hopkins University	SUNY Purchase College*
Case Western Reserve University	Kenyon College*	Swarthmore College*
City College of New York*	Lafayette College*	Syracuse University*
Clark Atlanta University*	Lehigh University*	Trinity College*
Colgate University*	Massachusetts Institute of Technology	Tufts University*
College of the Holy Cross	Middlebury College*	Tulane University*
Columbia University*	Morgan State University*	University at Buffalo*
Connecticut College	Mount Holyoke College*	University of Chicago*
Cornell University*	New York University*	University of Pennsylvania*
CUNY Bernard M Baruch College*	Northeastern University*	University of Southern California*
CUNY College of Staten Island*	Northwestern University	University of Wisconsin-Madison
CUNY Hunter College*	Oberlin College*	Wake Forest University*
CUNY John Jay College of Criminal Justice*	Occidental College*	Washington University in St. Louis*
CUNY Lehman College*	Pitzer College	Wesleyan University
Dartmouth College	Rensselaer Polytechnic Institute*	Wheaton College (MA)
Davidson College	Rice University*	Williams College
Delaware State University*	Rochester Institute of Technology*	Yale University*
Dickinson College	Rutgers University*	

Application for Hope Operator Designation

A nonprofit organization with tax-exempt status under s. 501(c)(3) of the Internal Revenue Code that operates three or more charter schools that serve students in grades K-12 in Florida or other states with a record of serving students from low-income families may apply to the Florida State Board of Education for designation as a Hope Operator.

Section A: Organizational Information

Name of Non-Profit Organization	Success Academy Charter Schools, Inc.		
IRS Federal Employer Identification Number	20-5298861		
Street Address	95 Pine Street, Floor 6		
City	New York		
State	New York	Zip Code	10005
Website	www.successacademies.org	Phone Number	646-597-4641

- Attach a copy of 501(c)(3) determination letter. *Attached.*

Leadership

Executive Director/CEO	Eva Moskowitz		
Email	eva.moskowitz@successacademies.org	Phone	646-597-4641
Primary Contact (if different)	Jason Niederkorn		
Email	jason.niederkorn@successacademies.org	Phone	332-233-9834

Board Members of Non-Profit Organization

Name	Position (President, VP, etc)	Email Address
Richard Pzena	Chair	pzena@pzena.com
Richard Barrera	Vice-Chair, Treasurer	rbarrera@roystonecapital.com
Kent Yalowitz	Secretary	yalowitz@arnoldporter.com
Steven Galbraith	Member	steve@kcallc.com
Joel Greenblatt	Member	joelg@bloomberg.net
Suzie Kovner	Member	skovner@camcapital.com
Daniel Loeb	Member	DLoeb@thirdpoint.com
Robert Niehaus	Member	rniehaus@gccpcapital.com
Simon Shaw	Member	simonmshaw@gmail.com

Section B: Criteria

Please indicate which of the following Hope Operator criteria your organization meets:

1. The operator was awarded a United States Department of Education Charter School Program grant for Replication and Expansion of High-Quality Charter Schools within the preceding three years. Provide a copy of the award letter from the US Department of Education.

See attached for proof of award letters in 2019 and 2023.

2. The operator receives funding through the National Fund of the Charter School Growth Fund to accelerate the growth of the nation's best charter schools.

- Provide evidence that the operator is currently receiving funding through the National Fund of the Charter School Growth Fund. This may include a signed letter from the CEO of the Charter School Growth Fund, or a current and active grant award agreement.

Rule 6A-1.0998271

Form SOH1

Effective February 2018

Page 2 of 7

See attached for the current active grant award agreement from the Charter School Growth Fund.

3. The operator is selected by a district school board in accordance with s. 1008.33, Florida Statutes, to turn around the performance of a persistently low-performing public school.

- Provide a signed letter from the District Superintendent, or other evidence, indicating the District selected the school pursuant to Section 1008.33, Florida Statutes, to turn around the performance of a low-performing public school. **N/A.**

Section C: Additional Information

In order to demonstrate that the applicant meets the definition of Hope Operator, pursuant to Section 1002.333(2), Florida Statutes, provide the following information, for the most recent completed school year, for each public charter school that is currently operated by the applicant.

School Name: **See chart below.**

National Center for Education Statistics (NCES) Identification Number: **See chart below.**

Address, City, State, Zip Code: **See chart below.**

Grades Served: **See chart below.**

Total Enrollment: **See chart below.**

Percentage of Students Eligible for Free or Reduced Lunch: **See chart below.**

Authorizer Name: **All Success Academy schools are authorized by the State University of New York ("SUNY) Charter Schools Institute (<https://www.newyorkcharters.org/>).**

School Name	Address, City, State, Zip Code	Grades Served during the 2022-23 School Year	Total Enrollment	NCES Identification Number	Percentage of Students Eligible for FRPL
Success Academy – Bed Stuy Middle School	70 Tompkins Avenue, 2nd Fl, Brooklyn, NY 11206	5-8	491	360105406295	78%
Success Academy – High School of Liberal Arts-Brooklyn	70 Tompkins Avenue, 2nd Fl, Brooklyn, NY 11206	9			
Success Academy – Bed Stuy Elementary School	211 Throop Avenue, 3rd Floor, Brooklyn, NY 11206	K-4	477	360106306327	87%

Success Academy – Lafayette Middle School	787 Lafayette Ave., Brooklyn, NY 11221	5-8	229	360114006583	77%
Success Academy – Bensonhurst Elementary School	99 Avenue P, 4th Floor, Brooklyn, NY 11204	K-4	646	360112206469	61%
Success Academy – Bergen Beach Elementary School	1420 East 68th Street, 3rd Floor, Brooklyn, NY 11234	K-4			
Success Academy – East Flatbush Middle School	3109 Newkirk Avenue, 1st Floor, Brooklyn, NY, 11226	5-8	1056	360112306534	73%
Success Academy – Bronx 1 Elementary School	339 Morris Ave, 2nd Floor, Bronx, NY 10451	K-4	344	360101106211	92%
Success Academy - Bronx 2 Elementary School	450 St. Pauls Pl., 5th Floor, Bronx NY 10456	K-4			
Success Academy - Bronx 2 Middle School	270 East 167th Street, 2nd Floor, Bronx, NY 10456	5-8	927	360101206219	93%
Success Academy - Bronx 3 Elementary School	1000 Teller Ave. 4th Fl., Bronx, NY 10456	K-4			
Success Academy - Bronx Middle School	965 Longwood Avenue, 2nd Floor, Bronx, NY 10459	5-8			
Success Academy - High School of Liberal Arts-Harlem	509 West 129th Street, 3rd Floor, New York, NY 10027	9-10	133	360109606390	87%
Success Academy - Bronx 4 Elementary School	885 Bolton Avenue, 3rd Floor, Bronx, NY 10473	K-4	616	360112006529	85%
Success Academy - Bronx 5 Lower Elementary School	604 E 139th St, Bronx, NY 10454	K-1	117	368096606749	93%
Success Academy - Bronx 5 Upper Elementary School	604 E 139th St, Bronx, NY 10454	2-3	60	368096706750	90%
Success Academy - Bushwick Elementary School	139 Menahan St. Brooklyn, NY 11221	K-4	481	360114606580	89%
Success Academy - Cobble Hill Elementary School	284 Baltic Street, Basement, Brooklyn, NY 11201	K-4	393	360106006359	61%
Success Academy - Crown Heights Elementary School	330 Crown Street, 5th Floor, Brooklyn, NY 11225	K-4			
Success Academy - Ditmas	72 Veronica Place, 3rd	5-8	792	360109506413	79%

Park Middle School	Floor, Brooklyn, NY 11226				
Success Academy - Far Rockaway Elementary School	10-45 Nameoke St, 3rd Floor, Queens, NY 11691	K-4			
Success Academy - Far Rockaway Middle School	10-45 Nameoke St, 3rd Floor, Queens, NY 11691	5-7	646	360115106581	81%
Success Academy - Flatbush Elementary School	15 Snyder Ave, Brooklyn, NY 11226	K-4	575	360114806585	89%
Success Academy - Myrtle Middle School	700 Park Avenue, 3rd Floor, Brooklyn, NY 11206	5-8	181	360108606403	80%
Success Academy - Harlem 1 Elementary School	34 W 118th St, 2nd Floor, New York, NY 10026	K-4			
Success Academy - Harlem West Middle School	215 W. 114th St., 5th Flo, New York, NY 10026	5-8			
Success Academy - High School of Liberal Arts-Manhattan	111 East 33rd Street, 4th Floor, New York, NY 10016	9-12	1583	360016905862	79%
Success Academy - Harlem 2 Elementary School	144 E 128th St, 3rd Fl., New York, NY 10035	K-4	338	360095406017	91%
Success Academy - Harlem 3 Elementary School	410 East 100th St., 4th Fl, New York, NY 10029	K-4			
Success Academy - Harlem East Middle School	141 E 111th St, 3rd Fl, New York, NY 10029	5-8	692	360096206037	91%
Success Academy - Harlem 4 Elementary School	240 W 113th St, 3rd Fl, New York, NY 10026	K-4	251	360095306018	85%
Success Academy - Harlem 5 Elementary School	301 W 140th St, 3rd Fl, New York, NY 10030	K-4			
Success Academy - Harlem North Central Middle School	175 West 134th St. 3rd Fl, New York, NY 10030	5-8	872	360100906212	88%
Success Academy - Harlem 6 Elementary School	461 West 131st Street, New York, NY 10027	3-4	99	360115906610	89%
Success Academy - Hell's Kitchen Elementary School	439 West 49th Street, 2nd Fl, New York, NY 10019	K-4	386	360109906375	68%
Success Academy - Hudson Yards Elementary School	500 West 41st Street, New York, NY 10018	K-4	386	360116706607	66%
Success Academy - Prospect Heights Elementary School	801 Park Place, Brooklyn, NY 11216	K-4	279	360108906412	84%

Success Academy - Rosedale Elementary School	147-65 249th St Rosedale, NY 11422	K-4			
Success Academy - Ozone Park Middle School	109-55 128th Street South Ozone Park, NY 11420	5-7	1005	360111606476	74%
Success Academy - South Jamaica Elementary School	120-27 141st St, Jamaica, NY 11436	K-4	466	360114106598	75%
Success Academy - Springfield Gardens Elementary School	132-55 Ridgedale Street, 3rd Floor,Queens, NY 11413	K-4			
Success Academy - Springfield Gardens Middle School	132-55 Ridgedale Street, 3rd Floor,Queens, NY 11413	5-8	899	360111806486	72%
Success Academy - Union Square Elementary School	40 Irving Place, 2nd Fl, New York, NY 10003	K-4			
Success Academy - Hudson Yards Middle School	500 West 41st Street, New York, NY 10018	5-8	995	360108306374	58%
Success Academy - Upper West Elementary School	145 W 84th St, 2nd Fl, New York, NY 10024	K-4			
Success Academy - Midtown West Middle School	439 West 49th Street, 2nd Fl, New York, NY 10019	5-8	941	360103906260	58%
Success Academy - Washington Heights Elementary School	701 Fort Washington Ave, New York, NY 10040	K-4			
Success Academy -Hamilton Heights Middle School	461 West 131st Street New York, NY 10027	5	539	360111006501	84%
Success Academy - Williamsburg Elementary School	183 South 3rd Street, 4th Floor, Brooklyn, NY 11211	K-4	360	360106206346	66%

Additionally, in accordance with Florida Statutes Section 1002.333, Success Academy is eligible to be designated by the State Board of Education as a hope operator based on a determination that:

- (a) The past performance of the hope operator meets or exceeds the following criteria:**
- 1. The achievement of enrolled students exceeds the district and state averages of the states in which the operator's schools operates;**

All Success Academy students exceed the district and state averages in New York, where Success Academy operates. See Success Academy's performance reports by level located here, <https://www.newyorkcharters.org/school-performance-reports/>.

2. The average college attendance rate at all schools currently operated by the operator exceeds 80 percent, if such data is available;

The average college attendance rate across all schools operated by Success Academy exceeds 80 percent. Pursuant to the National Student Clearinghouse Data and student surveys, 100% of the 2021-22 school year graduates enrolled in college. 100% of the 2022-23 high school graduates were accepted to college, however, matriculation information is not yet available from the National Student Clearinghouse for the 2022-23 school year.

3. The percentage of students eligible for a free or reduced price lunch under the National School Lunch Act enrolled at all schools currently operated by the operator exceeds 70 percent;

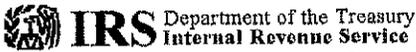
The percentage of students eligible for free or reduced price lunch under the National School Lunch Act across all schools operated by Success Academy exceeds 70%. Specifically, for the most recently completed 2022-23 school year, 78% of Success Academy's students were eligible for a free or reduced price lunch under the National School Lunch Act.

4. The operator is in good standing with the authorizer in each state in which it operates;

Success Academy is in good standing with its only authorizer, the State University of New York's Charter School Institute in New York. See <https://www.newyorkcharters.org>.

5. The audited financial statements of the operator are free of material misstatements and going concern issues.

All of Success Academy's audited financial statements since its founding have been free of material misstatements and going concern issues. The most recent audited financial statements are attached.



P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0752751369
Mar. 28, 2023 LTR 4168C 0
20-5298861 000000 00
Input Op: 0752751369 00013182
BODC: TE

SUCCESS ACADEMY CHARTER SCHOOLS INC
% SHABBIR AHMED
95 PINE ST 6TH FLOOR
NEW YORK NY 10005-0054

Employer ID number: 20-5298861
Form 990 required: Y

Dear Taxpayer:

We're responding to your request dated Mar. 17, 2023, about your tax-exempt status.

We issued you a determination letter in August 2007, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(03).

We also show you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If you're required to file a return, you must file one of the following by the 15th day of the 5th month after the end of your annual accounting period:

- Form 990, Return of Organization Exempt From Income Tax
- Form 990EZ, Short Form Return of Organization Exempt From Income Tax
- Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation

According to IRC Section 6033(j), if you don't file a required annual information return or notice for 3 consecutive years, we'll revoke your tax-exempt status on the due date of the 3rd required return or notice.

You can get IRS forms or publications you need from our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions, call 877-829-5500 between 8 a.m. and 5 p.m.,

0752751369

Mar. 28, 2023 LTR 4168C 0

20-5298861 000000 00

Input Op: 0752751369 00013183

SUCCESS ACADEMY CHARTER SCHOOLS INC
% SHABBIR AHMED
95 PINE ST 6TH FLOOR
NEW YORK NY 10005-0054

local time, Monday through Friday (Alaska and Hawaii follow Pacific time).

Thank you for your cooperation.

Sincerely yours,

Sheralyn C. Hanks

Sheralyn C. Hanks
Ops. Manager, AM Ops. 3005



004113.505965.362631.8508 1 AB 0.507 532




SUCCESS ACADEMY CHARTER SCHOOLS INC
% SHABBIR AHMED
95 PINE ST 6TH FLOOR
NEW YORK NY 10005-0054

004113

CUT OUT AND RETURN THE VOUCHER IMMEDIATELY BELOW IF YOU ONLY HAVE AN INQUIRY.
DO NOT USE IF YOU ARE MAKING A PAYMENT.

CUT OUT AND RETURN THE VOUCHER AT THE BOTTOM OF THIS PAGE IF YOU ARE MAKING A PAYMENT,
EVEN IF YOU ALSO HAVE AN INQUIRY.

 The IRS address must appear in the window.

Use for inquiries only

BODCD-

0752751369

Letter Number: LTR4168C
Letter Date : 2023-03-28
Tax Period : 000000



*****8861

INTERNAL REVENUE SERVICE
P.O. Box 2508
Cincinnati OH 45201

SUCCESS ACADEMY CHARTER SCHOOLS INC
% SHABBIR AHMED
95 PINE ST 6TH FLOOR
NEW YORK NY 10005-0054



205298861 RA SUCC 00 2 000000 670 000000000000

 The IRS address must appear in the window.

Use for payments

BODCD-

0752751369

Letter Number: LTR4168C
Letter Date : 2023-03-28
Tax Period : 000000



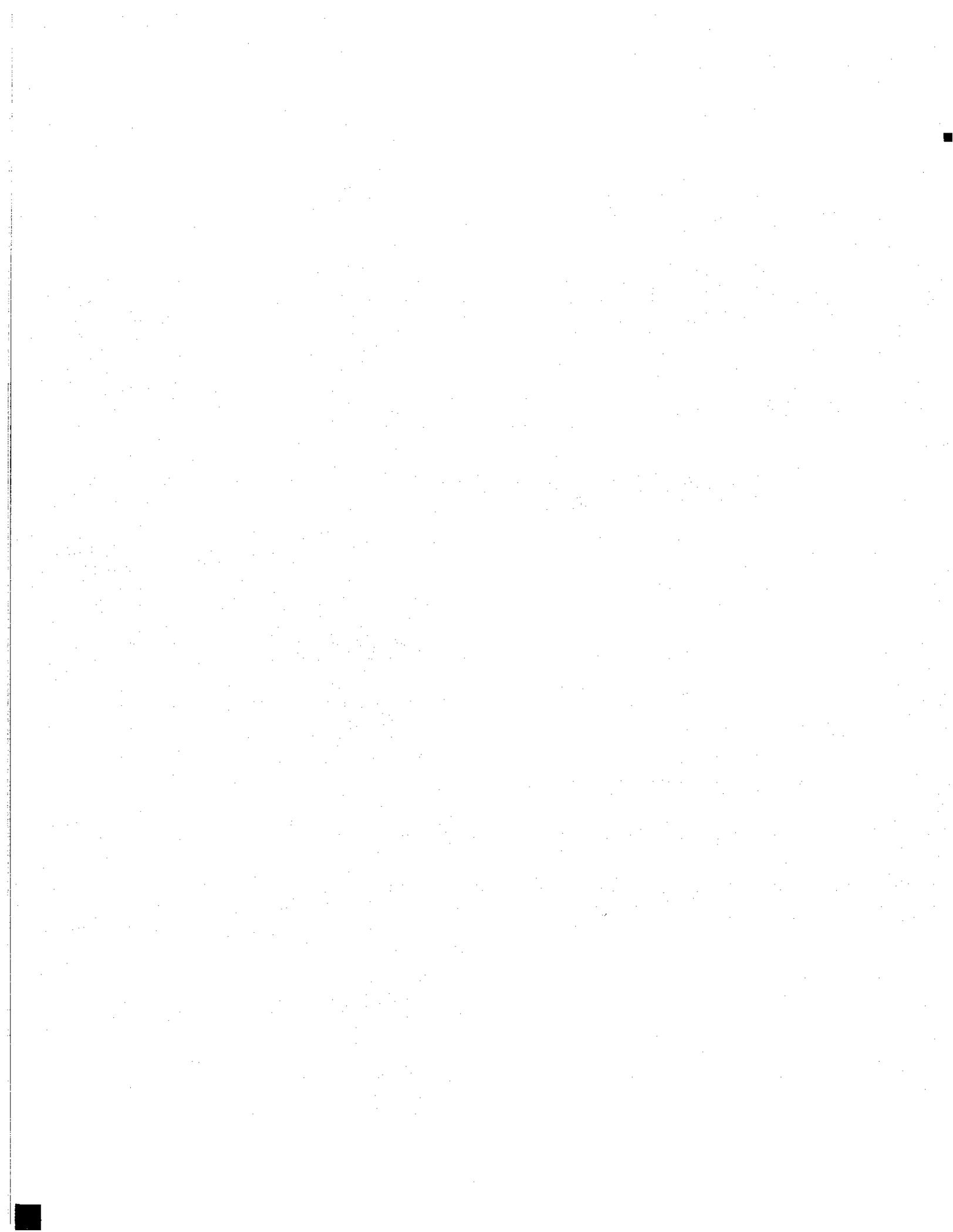
*****8861

INTERNAL REVENUE SERVICE
OGDEN UT 84201-0102

SUCCESS ACADEMY CHARTER SCHOOLS INC
% SHABBIR AHMED
95 PINE ST 6TH FLOOR
NEW YORK NY 10005-0054



205298861 RA SUCC 00 2 000000 670 000000000000





**US Department of Education
Washington, D.C. 20202**

S282M230020

GRANT AWARD NOTIFICATION

<p>1</p>	<p>RECIPIENT NAME</p> <p>Success Academy Charter Schools, Inc. 95 Pine Street Floor 6 New York, NY 10005</p>	<p>2</p>	<p>AWARD INFORMATION</p> <p>PR/AWARD NUMBER S282M230020 ACTION NUMBER 5 ACTION TYPE Administrative AWARD TYPE Discretionary (Research and Development)</p>															
<p>3</p>	<p>PROJECT STAFF</p> <p>RECIPIENT PROJECT DIRECTOR Engers Germosen (332) 334-5136 engers.germosen@successacademies.org EDUCATION PROGRAM CONTACT Laura Montas-Brown (202) 453-7654 Laura.Montas-Brown@ed.gov EDUCATION PAYMENT HOTLINE G5 PAYEE HELPDESK 888-336-8930 obssed@servicenowservices.com</p>	<p>4</p>	<p>PROJECT TITLE</p> <p>84.282M Securing success for all New York City children</p>															
<p>5</p>	<p>KEY PERSONNEL</p> <table border="0"> <thead> <tr> <th><u>NAME</u></th> <th><u>TITLE</u></th> <th><u>LEVEL OF EFFORT</u></th> </tr> </thead> <tbody> <tr> <td>Engers Germosen</td> <td>Project Director</td> <td>25 %</td> </tr> </tbody> </table>			<u>NAME</u>	<u>TITLE</u>	<u>LEVEL OF EFFORT</u>	Engers Germosen	Project Director	25 %									
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PERFORMANCE PERIOD	\$12,132,123.00																	
<p>8</p>	<p>ADMINISTRATIVE INFORMATION</p> <p>UEI CD88KVJ2MAJ7 REGULATIONS CFR PART X EDGAR AS APPLICABLE 2 CFR AS APPLICABLE ATTACHMENTS N/A</p>																	
<p>9</p>	<p>LEGISLATIVE AND FISCAL DATA</p> <p>AUTHORITY: PL 107-110 IV ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965 (ESEA), AS AMENDED BY THE EVERY STUDENT SUCCEEDS ACT OF 2015 (ESSA) (20 U.S.C. 7221-7221J)</p>																	

EXPLANATION OF BLOCKS ON THE GRANT AWARD NOTIFICATION

For Discretionary, Formula and Block Grants (See Block 2 of the Notification)

- 1. RECIPIENT NAME** - The legal name of the recipient or name of the primary organizational unit that was identified in the application, state plan or other documents required to be submitted for funding by the grant program.
- 2. AWARD INFORMATION** - Unique items of information that identify this notification.
 - PR/AWARD NUMBER** - A unique, identifying number assigned by the Department to each application. On funded applications, this is commonly known as the "grant number" or "document number." The PR/Award Number is also known as the Federal Award Identifying Number, or FAIN.
 - ACTION NUMBER** - A numeral that represents the cumulative number of steps taken by the Department to date to establish or modify the award through fiscal or administrative means. Action number "01" will always be "NEW AWARD"
 - ACTION TYPE** - The nature of this notification (e.g., NEW AWARD, CONTINUATION, REVISION, ADMINISTRATIVE)
 - AWARD TYPE** - The particular assistance category in which funding for this award is provided, i.e., DISCRETIONARY, FORMULA, or BLOCK. If this award was made under a Research and Development grant program, the terms RESEARCH AND DEVELOPMENT will appear under DISCRETIONARY, FORMULA OR BLOCK.
- 3. PROJECT STAFF** - This block contains the names and telephone numbers of the U.S. Department of Education and recipient staff who are responsible for project direction and oversight.
 - *RECIPIENT PROJECT DIRECTOR** - The recipient staff person responsible for administering the project. This person represents the recipient to the U.S. Department of Education.
 - EDUCATION PROGRAM CONTACT** - The U.S. Department of Education staff person responsible for the programmatic, administrative and business management concerns of the Department.
 - EDUCATION PAYMENT CONTACT** - The U.S. Department of Education staff person responsible for payments or questions concerning electronic drawdown and financial expenditure reporting.
- 4. PROJECT TITLE AND CFDA NUMBER** - Identifies the Catalog of Federal Domestic Assistance (CFDA) subprogram title and the associated subprogram number.
- 5.* KEY PERSONNEL** - Name, title and percentage (%) of effort the key personnel identified devotes to the project.
- 6. AWARD PERIODS** - Project activities and funding are approved with respect to three different time periods, described below:
 - BUDGET PERIOD** - A specific interval of time for which Federal funds are being provided from a particular fiscal year to fund a recipient's approved activities and budget. The start and end dates of the budget period are shown.
 - PERFORMANCE PERIOD** - The complete length of time the recipient is proposed to be funded to complete approved activities. A performance period may contain one or more budget periods.
 - *FUTURE BUDGET PERIODS** - The estimated remaining budget periods for multi-year projects and estimated funds the Department proposes it will award the recipient provided substantial progress is made by the recipient in completing approved activities, the Department determines that continuing the project would be in the best interest of the Government, Congress appropriates sufficient funds under the program, and the recipient has submitted a performance report that provides the most current performance information and the status of budget expenditures.
- 7. AUTHORIZED FUNDING** - The dollar figures in this block refer to the Federal funds provided to a recipient during the award periods.
 - *THIS ACTION** - The amount of funds obligated (added) or de-obligated (subtracted) by this notification.
 - *BUDGET PERIOD** - The total amount of funds available for use by the grantee during the stated budget period to this date.
 - *PERFORMANCE PERIOD** - The amount of funds obligated from the start date of the first budget period to this date.
 - RECIPIENT COST SHARE** - The funds, expressed as a percentage, that the recipient is required to contribute to the project, as defined by the program legislation or regulations and/or terms and conditions of the award.
 - RECIPIENT NON-FEDERAL AMOUNT** - The amount of non-federal funds the recipient must contribute to the project as identified in the recipient's application. When non-federal funds are identified by the recipient where a cost share is not a legislation requirement, the recipient will be required to provide the non-federal funds.
- 8. ADMINISTRATIVE INFORMATION** - This information is provided to assist the recipient in completing the approved activities and managing the project in accordance with U.S. Department of Education procedures and regulations.
 - UEI** - The UEI, issued in SAM.gov, is a unique 12 character organization identifier assigned to each recipient for payment purposes.

***REGULATIONS** - Title 2 of the Code of Federal Regulations(CFR), Part 200 as adopted at 2 CFR 3474; the applicable parts of the Education Department General Administrative Regulations (EDGAR), specific program regulations (if any), and other titles of the CFR that govern the award and administration of this grant.

***ATTACHMENTS** - Additional sections of the Grant Award Notification that discuss payment and reporting requirements, explain Department procedures, and add special terms and conditions in addition to those established, and shown as clauses, in Block 10 of the award. Any attachments provided with a notification continue in effect through the project period until modified or rescinded by the Authorizing Official.

9. LEGISLATIVE AND FISCAL DATA - The name of the authorizing legislation for this grant, the CFDA title of the program through which funding is provided, and U.S. Department of Education fiscal information.

FUND CODE, FUNDING YEAR, AWARD YEAR, ORG.CODE, PROJECT CODE, OBJECT CLASS -

The fiscal information recorded by the U.S. Department of Education's Grants Management System (G5) to track obligations by award.

AMOUNT - The amount of funds provided from a particular appropriation and project code. Some notifications authorize more than one amount from separate appropriations and/or project codes. The total of all amounts in this block equals the amount shown on the line, "THIS ACTION" (See "AUTHORIZED FUNDING" above (Block 7)).

10. TERMS AND CONDITIONS - Requirements of the award that are binding on the recipient.

***PARTICIPANT NUMBER** - The number of eligible participants the grantee is required to serve during the budget year.

***GRANTEE NAME** - The entity name and address registered in the System for Award Management (SAM). This name and address is tied to the UEI registered in SAM under the name and address appearing in this field. This name, address and the associated UEI is what is displayed in the SAM Public Search.

***PROGRAM INDIRECT COST TYPE** - The type of indirect cost permitted under the program (i.e. Restricted, Unrestricted, or Training).

***PROJECT INDIRECT COST RATE** - The indirect cost rate applicable to this grant.

***AUTHORIZING OFFICIAL** - The U.S. Department of Education official authorized to award Federal funds to the recipient, establish or change the terms and conditions of the award, and authorize modifications to the award

FOR FORMULA AND BLOCK GRANTS ONLY:

(See also Blocks 1, 2, 4, 6, 8, 9 and 10 above)

3. PROJECT STAFF - The U.S. Department of Education staff persons to be contacted for programmatic and payment questions.

7. AUTHORIZED FUNDING

CURRENT AWARD AMOUNT - The amount of funds that are obligated (added) or de-obligated (subtracted) by this action.

PREVIOUS CUMULATIVE AMOUNT - The total amount of funds awarded under the grant before this action.

CUMULATIVE AMOUNT - The total amount of funds awarded under the grant, this action included.

* This item differs or does not appear on formula and block grants.



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

April 01, 2019

Linda Fayerweather
Success Academy Charter Schools, Inc.
95 Pine Street, 6th Floor
New York, NY 10005

RE: Application U282M190025

Dear Linda Fayerweather:

Congratulations! We have concluded the peer review process for the 2019 Expanding Opportunity through Quality Charter Schools Program (CSP)—Grants to Charter Management Organizations for the Replication and Expansion of High-Quality Charter Schools competition (CFDA 84.282M) and we are pleased to inform you that your application was selected for funding.

Applications were reviewed by three peer reviewers, using the selection criteria and competitive preference priorities published in the Federal Register on November 30, 2018. In addition, peer reviewers were screened for conflicts of interest.

You will receive copies of the technical review forms (TRFs) that indicate the strengths and weaknesses of your application via USPS next week. If you have questions about these comments, or about the review process, please contact the Charter School Program (CSP) at (202) 401-2266, or by email at CharterSchools@ed.gov.

We look forward to working with you and your assigned CSP Program Officer will be in touch regarding your post-award webinar and next steps; information will be sent separately regarding how to attend.

Again, congratulations, and thank you for your commitment to improving educational outcomes for our nation's youth.

Sincerely,

Charter Schools Program
U.S. Department of Education|Office of Elementary and Secondary Education (OESE)

Enclosures
Technical Review Form

400 MARYLAND AVE., SW, WASHINGTON, DC 20202
www.ed.gov

The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

**U.S. Department of Education - EDCAPS
G5-Technical Review Form (New)**

Status: Submitted

Last Updated: 02/12/2019 05:11 PM

Technical Review Coversheet

Applicant: Success Academy Charter Schools, Inc. (U282M180025)

Reader #1: *****

	Points Possible	Points Scored
Questions		
Selection Criteria		
Quality of the eligible applicant		
1. Quality of the Applicant	45	44
Significance		
1. Disadvantaged Students	30	27
Quality of the Project Evaluation		
1. Evaluation Plan	10	8
Quality of the Management Plan		
1. Management Plan	15	14
Sub Total	100	93
Priority Questions		
Competitive Preference Priority 1		
Promoting Diversity		
1. Promoting Diversity	3	3
Sub Total	3	3
Competitive Preference Priority 2		
Reopening Poor-performing Public Schools		
1. Reopening Public Schools	3	0
Sub Total	3	0
Competitive Preference Priority 3		
High School Students		
1. High School Students	3	3
Sub Total	3	3
Competitive Preference Priority 4		
Replicating/Expanding High-quality Charter Schools		
1. Replicating/Expanding	3	0
Sub Total	3	0
Total	112	99

Technical Review Form

Panel #4 - CMO - 4: 84.282M

Reader #1: *****

Applicant: Success Academy Charter Schools, Inc. (U282M180025)

Questions

Selection Criteria - Quality of the eligible applicant

1. Selection Criteria 1: Quality of the eligible applicant

Reader's Score: 44

Sub

1. (i) The extent to which the academic achievement results (including annual student performance on statewide assessments and annual student attendance and retention rates and, where applicable and available, student academic growth, high school graduation rates, college attendance rates, and college persistence rates) for educationally disadvantaged students served by the charter schools operated or managed by the applicant have exceeded the average academic achievement results for such students served by other public schools in the State.

Strengths:

The applicant's schools consistently outperform NYC average and New York state averages on state assessments for ELA and Math proficiency (p e38). When disaggregated, each individual school scores above 90% on Math with a network average of 98% compared with the city average of 43% and in ELA, every school is above 84% with a network average of 91% compared to the citywide average of 47% (p e39-40). Additionally, the network serves students living in poverty with an average of 73% qualifying for Free and Reduced Lunch (p e23). ELL students enrolled in SA were 8 times more likely to pass the ELA exam as ELLs citywide (p e41). Further, SA's African American and Hispanic students outperformed White and Asian students citywide in both math and ELA on the 2018 state exams (p e42). Overall attendance and retention is stronger than the citywide average (p e45).

Weaknesses:

Retention rates for Special Education students and ELL students are lower than average for the city (p e46). There is insufficient explanation for this gap in retention and no evidence of a specific strategy in place to address it.

Reader's Score: 14

2. (ii) The extent to which one or more charter schools operated or managed by the applicant have closed; have had a charter revoked due to noncompliance with statutory or regulatory requirements; or have had their affiliation with the applicant revoked or terminated, including through voluntary disaffiliation.

Strengths:

The applicant has complies with all regulations and does not have any significant compliance issues within the past three years (p e49).

Sub

Weaknesses:

There are no weaknesses to note in this section.

Reader's Score: 15

3. (iii) **The extent to which one or more charter schools operated or managed by the applicant have had any significant issues in the area of financial or operational management or student safety, or have otherwise experienced significant problems with statutory or regulatory compliance that could lead to revocation of the school's charter.**

Strengths:

The authorizer (SUNY) has recognized the applicant for having consistently clean financial practices and the results of a Comptroller audit found that SA's funds were spent only on educating children (p e49). SA schools has not had any significant compliance issues or violations within the past three years (p e49).

Weaknesses:

There are no weaknesses in this section.

Reader's Score: 15

Selection Criteria - Significance

1. Selection Criteria 2: Significance of contribution in assisting educationally disadvantaged students

In determining the significance of the contribution the proposed project will make in expanding educational opportunities for educationally disadvantaged students and enabling those students to meet challenging State academic standards, the Secretary considers the following factors:

Reader's Score: 27

Sub

1. (i) **The extent to which charter schools currently operated or managed by the applicant serve educationally disadvantaged students, particularly students with disabilities and English learners, at rates comparable to surrounding public schools or, in the case of virtual charter schools, at rates comparable to public schools in the State.**

Strengths:

The applicant has a robust program for supporting ELL and special education students including Co-Teaching, Rtl and utilization of LEA resources (p e25-26). ELL students are diverse, speaking 34 languages other than English at home (p e25).

Weaknesses:

The applicant has comparatively fewer ELL students than the city wide average (8.3% vs. 13.5%) (p e50) and comparatively fewer students with disabilities than the citywide average (13.8% vs. 19.7%).

Reader's Score: 14

Sub

2. (ii) **The quality of the plan to ensure that the charter schools the applicant proposes to replicate or expand will recruit, enroll, and effectively serve educationally disadvantaged students, particularly students with disabilities and English learners.**

Strengths:

The applicant uses a lottery system to admit new students and recruits ELL students by targeted mailing and flexible information sessions for parents (pe25). The applicant uses a weighted lottery system for ELL applicants and is committed to enhancing and improving recruitment efforts for educationally disadvantaged students (p e50).

Weaknesses:

The applicant does not include a specific plan for increasing enrollment of special education students, although it mentions a weighted lottery for ELL students (p e50).

Reader's Score: 13

Selection Criteria - Quality of the Project Evaluation

1. Selection Criteria 3: Quality of the evaluation plan for the proposed project

In determining the quality of the evaluation plan for the proposed project, the Secretary considers the extent to which the methods of evaluation include the use of objective performance measures that are clearly related to the intended outcomes of the proposed project, as described in the applicant's logic model, and that will produce quantitative and qualitative data by the end of the grant period.

Strengths:

A logic model is included and rationale supports each element with goals and objective that are quantifiable (p e69).

Weaknesses:

The logic model is not specific to the proposed new schools and expansion sites. There is no external evaluator partnering with the organization to evaluate the effectiveness of the grant project and the proposal relies on existing tools and performance measures.

Reader's Score: 8

Selection Criteria - Quality of the Management Plan

1. Selection Criteria 4: Quality of the Management Plan

In determining the quality of the applicant's management plan, the Secretary considers the following factors:

Reader's Score: 14

Sub

1. (i) **The ability of the applicant to sustain the operation of the replicated or expanded charter schools after the grant has ended, as demonstrated by the multi-year financial and operating model required under section 4305(b)(3)(B)(iii) of the ESEA (5 points). (NFP)**

Sub

Strengths:

The applicant included information about the broad range of financial support that ensures that the organization has the ability to sustain the expansion and replication work after the grant period has ended. These sources include philanthropy which is used to fund schools until they are self-sustaining. The applicant estimates that they will raise \$42 million in FY19 from fundraising (p e77).

Weaknesses:

No weaknesses are noted.

Reader's Score: 5

2. (ii) **The adequacy of the management plan to achieve the objectives of the proposed project on time and within budget, including clearly defined responsibilities, timelines, and milestones for accomplishing project tasks. (34 CFR 75.210(g)(2)(i))**

Strengths:

The applicant includes a timeline for opening a new school and includes responsibilities of the various central office teams (p e67-68).

Weaknesses:

The timeline and management plan is general and not specific to the proposed new 6 school openings and 10 expansions.

Reader's Score: 4

3. (iii) **The qualifications, including relevant training and experience, of key project personnel. (34 CFR 75.210(e)(3)(ii))**

Strengths:

The applicant has previous experience with expanding the network and has opened 46 new schools over the past twelve years (p e65). The network has experience with aggressive scaling and has a central team in place ranging from Human Capital and recruitment to facilities and instructional professional development.

Weaknesses:

No weaknesses are noted.

Reader's Score: 5

Priority Questions

Competitive Preference Priority 1 - Promoting Diversity

1. Competitive Preference Priority 1— Promoting Diversity.

Under this priority, applicants must propose to replicate or expand high-quality charter schools that have an intentional focus on recruiting students from racially and socioeconomically diverse backgrounds, and maintaining racially and socioeconomically diverse student bodies in those charter schools, consistent with nondiscrimination requirements contained in the U.S. Constitution and Federal civil rights laws.

Strengths:

The applicant makes an intentional effort to recruit students from a broad range of neighborhoods and seeks to attract all students, including ELL and special education students (p e24). They reach out to parents with children who are ELL or students with disabilities. When siting new schools, they intentionally locate schools in neighborhoods where there is consistently poor academic performance (p e24) and have been recognized for their commitment to diversity by the external organizations. (p e29).

Weaknesses:

No weaknesses are noted.

Reader's Score: 3

Competitive Preference Priority 2 - Reopening Poor-performing Public Schools

1. Competitive Preference Priority 2— Reopening Academically Poor-performing Public Schools as Charter Schools

Under this priority, applicants must:

- (i) Demonstrate past success working with one or more academically poor-performing public schools or schools that previously were designated as persistently lowest-achieving schools or priority schools under the former School Improvement Grant program or in States that exercised ESEA flexibility, respectively, under the ESEA, as amended by the No Child Left Behind Act of 2001 (NCLB); and
- (ii) Propose to use grant funds under this program to reopen one or more academically poor-performing public schools as charter schools during the project period by--
 - (A) Replicating one or more high-quality charter schools based on a successful charter school model for which the applicant has provided evidence of success; and
 - (B) Targeting a demographically similar student population in the replicated charter schools as was served by the academically poor-performing public schools, consistent with nondiscrimination requirements contained in the U.S. Constitution and Federal civil rights laws.

Strengths:

The applicant does not specifically address this component of the competitive preference priority.

Weaknesses:

The applicant does not specifically address this component of the competitive preference priority.

Reader's Score: 0

Competitive Preference Priority 3 - High School Students

1. Competitive Preference Priority 3— High School Students.

Under this priority, applicants must propose to:

- (i) Replicate or expand high-quality charter schools to serve high school students, including educationally disadvantaged students;
- (ii) Prepare students, including educationally disadvantaged students, in those schools for

enrollment in postsecondary education institutions through activities such as, but not limited to, accelerated learning programs (including Advanced Placement and International Baccalaureate courses and programs, dual or concurrent enrollment programs, and early college high schools), college counseling, career and technical education programs, career counseling, internships, work-based learning programs (such as apprenticeships), assisting students in the college admissions and financial aid application processes, and preparing students to take standardized college admissions tests;

(iii) Provide support for students, including educationally disadvantaged students, who graduate from those schools and enroll in postsecondary education institutions in persisting in, and attaining a degree or certificate from, such institutions, through activities such as, but not limited to, mentorships, ongoing assistance with the financial aid application process, and establishing or strengthening peer support systems for such students attending the same institution; and

(iv) Propose one or more project-specific performance measures, including aligned leading indicators or other interim milestones, that will provide valid and reliable information about the applicant's progress in preparing students, including educationally disadvantaged students, for enrollment in postsecondary education institutions and in supporting those students in persisting in and attaining a degree or certificate from such institutions. An applicant addressing this priority and receiving a CMO grant must provide data that are responsive to the measure(s), including performance targets, in its annual performance reports to the Department.

(v) For purposes of this priority, postsecondary education institutions include institutions of higher education, as defined in section 8101(29) of the ESEA, and one-year training programs that meet the requirements of section 101(b)(1) of the Higher Education Act of 1965, as amended (HEA).

Strengths:

The applicant has an existing and strong high school program in place and graduated its first class of students with scholarships to highly competitive colleges (p e31). Special programs include the Accelerated Learning Program, test prep programming, internships and summer experiences, college counseling and post-graduation support (p e 33-35). Additionally, 100% of SA seniors graduated having met the SAT college readiness benchmarks for math and ELA (p e34). The high school programming includes several specific performance measures aligned with the goals for the grant project (p e35).

Weaknesses:

There are no weaknesses to note.

Reader's Score: 3

Competitive Preference Priority 4 - Replicating/Expanding High-quality Charter Schools

1. Competitive Preference Priority 4— Replicating or Expanding High-quality Charter Schools to Serve Native American Students.

(i) Propose to replicate or expand one or more high-quality charter schools that--

(A) Utilize targeted outreach and recruitment in order to serve a high proportion of Native American students, consistent with nondiscrimination requirements contained in the U.S. Constitution and Federal civil rights laws;

(B) Have a mission and focus that will address the unique educational needs of Native American students, such as through the use of instructional programs and teaching methods that reflect and preserve Native American language, culture, and history; and

(C) Have a governing board with a substantial percentage of members who are members of Indian Tribes or Indian organizations located within the area to be served by the replicated or expanded charter school;

(ii) Submit a letter of support from at least one Indian Tribe or Indian organization located within the area to be served by the replicated or expanded charter school; and

(iii) Meaningfully collaborate with the Indian Tribe(s) or Indian organization(s) from which the applicant has received a letter of support in a timely, active, and ongoing manner with respect to the development and implementation of the educational program at the charter school.

Strengths:

The applicant does not specifically address this component of the competitive preference priority.

Weaknesses:

The applicant does not specifically address this component of the competitive preference priority.

Reader's Score: 0

Status: Submitted
Last Updated: 02/12/2019 05:11 PM

Status: Submitted
 Last Updated: 02/12/2019 05:11 PM

Technical Review Coversheet

Applicant: Success Academy Charter Schools, Inc. (U282M180025)
Reader #2: *****

	Points Possible	Points Scored
Questions		
Selection Criteria		
Quality of the eligible applicant		
1. Quality of the Applicant	45	45
Significance		
1. Disadvantaged Students	30	29
Quality of the Project Evaluation		
1. Evaluation Plan	10	5
Quality of the Management Plan		
1. Management Plan	15	15
Sub Total	100	94
 Priority Questions		
Competitive Preference Priority 1		
Promoting Diversity		
1. Promoting Diversity	3	3
Sub Total	3	3
 Competitive Preference Priority 2		
Reopening Poor-performing Public Schools		
1. Reopening Public Schools	3	0
Sub Total	3	0
 Competitive Preference Priority 3		
High School Students		
1. High School Students	3	3
Sub Total	3	3
 Competitive Preference Priority 4		
Replicating/Expanding High-quality Charter Schools		
1. Replicating/Expanding	3	0
Sub Total	3	0
Total	112	100

Technical Review Form

Panel #4 - CMO - 4: 84.282M

Reader #2: *****

Applicant: Success Academy Charter Schools, Inc. (U282M180025)

Questions

Selection Criteria - Quality of the eligible applicant

1. Selection Criteria 1: Quality of the eligible applicant

Reader's Score: 45

Sub

1. (i) **The extent to which the academic achievement results (including annual student performance on statewide assessments and annual student attendance and retention rates and, where applicable and available, student academic growth, high school graduation rates, college attendance rates, and college persistence rates) for educationally disadvantaged students served by the charter schools operated or managed by the applicant have exceeded the average academic achievement results for such students served by other public schools in the State.**

Strengths:

The applicant comprehensively demonstrated the academic achievement results and growth over time, which includes student attendance and retention rates high school graduation rates, college attendance rates, and college persistence rates for educationally disadvantaged students served by the charter school. In 2009, the first year SA students were eligible to take the New York State exams, 100% of students passed the state math exam and 95% passed English Language Arts (ELA). The data provided evidenced that the charter schools have exceeded the average academic achievement results for such students served by other public schools in the State. For example, the applicant indicated that students have achieved tremendous academic success, ranking in the top of all schools in the city and state. On the 2018 state exams, 98% of SA scholars passed math, compared to 43% of NYC students, and 91% passed English Language Arts, compared with 47% of NYC kids. SA's ELL and special needs students outperformed their peers citywide by large margins. SA's results consistently exceed state and citywide averages: for example, in 2018, only 43% of students across NYC passed the math exam (compared with 98% of SA students) and only 47% passed the ELA exam (compared with 91% of SA students). (pgs. 30-35)

Further, 85% of SA scholars received a level 4 - the highest score - on the 2018 math exam, compared with fewer than 22% of students across NYC. 90% of SA students with disabilities met math standards, and 74% passed the English exam, compared with 15% and 16% of students with disabilities citywide.

SA schools have an annual attendance rate of 97.7%. NYC district schools reported only 91% year-to-date attendance citywide as of the end of 2016, and New York State's attendance rate 28 for 2015-16 (the last year for which data is available) was 94%. The annual retention rate of 80% approximates the city average (84%). SA schools retain students with disabilities (73%) and 30 ELLs (82%) at approximately the same levels. (pgs. 34-35 and Appendices)

Sub

Weaknesses:

No weaknesses noted.

Reader's Score: 15

2. (ii) **The extent to which one or more charter schools operated or managed by the applicant have closed; have had a charter revoked due to noncompliance with statutory or regulatory requirements; or have had their affiliation with the applicant revoked or terminated, including through voluntary disaffiliation.**

Strengths:

The applicant indicated that none of the charter schools operated or managed by the applicant have closed; have had a charter revoked due to noncompliance with statutory or regulatory requirements in the past three years, including in student safety, financial management, and statutory or regulatory compliance. (pgs. 48-49)

Weaknesses:

No weaknesses noted.

Reader's Score: 15

3. (iii) **The extent to which one or more charter schools operated or managed by the applicant have had any significant issues in the area of financial or operational management or student safety, or have otherwise experienced significant problems with statutory or regulatory compliance that could lead to revocation of the school's charter.**

Strengths:

The applicant indicated that none of the charter schools operated or managed by the applicant have had any significant issues in the area of financial or operational management or student safety or have otherwise experienced significant problems with statutory or regulatory compliance that could lead to revocation of the school's charter. In December 2016, the NYC Comptroller completed a two-year audit of SA. After extensive investigations, the Comptroller did not find a single case where SA's funds were spent on anything other than educating children. The final audit report included some critiques of SA's practices, which SA refuted in its formal response, accompanied by supporting documentation. Both BDO and SUNY have consistently given SA a positive rating with respect to its financial practices. (pgs. 48-50)

Weaknesses:

No weaknesses noted.

Reader's Score: 15

Selection Criteria - Significance

1. Selection Criteria 2: Significance of contribution in assisting educationally disadvantaged students

In determining the significance of the contribution the proposed project will make in expanding educational opportunities for educationally disadvantaged students and enabling those students to meet challenging State academic standards, the Secretary considers the following factors:

Reader's Score: 29

Sub

1. (i) **The extent to which charter schools currently operated or managed by the applicant serve educationally disadvantaged students, particularly students with disabilities and English learners, at rates comparable to surrounding public schools or, in the case of virtual charter schools, at rates comparable to public schools in the State.**

Strengths:

The applicant clearly demonstrated that the charter schools currently operated or managed by the CMO serve educationally disadvantaged students, particularly students with disabilities and English learners, at rates comparable to surrounding public schools. The applicant indicated that they operate 46 charter schools in NYC, serving 16,000 primarily low-income, minority students. The applicant evidenced that since opening its first charter school in Harlem in 2006, Success Academy (SA) has maintained an excellent track record for serving students of color, English Language Learners (ELLs), and special needs children. For example, the student population is composed primarily of educationally disadvantaged students and generally, reflects the NYC student population. 81% of SA scholars are Black and Hispanic 31(compared with only 66.5% citywide), 13.8% have been classified as students with disabilities (compared with 19.7% citywide), and 8.3% have been classified as ELLs (compared with 13.5% citywide). Additionally, nearly 73% of SA students qualify for FRPL, which is comparable with the 74% of students across NYC who live in poverty. (pgs. 32-33)

Weaknesses:

The applicant did not demonstrate that the CMO serves students with disabilities and ELL learners at comparable rates to other schools citywide.

Reader's Score: 14

2. (ii) **The quality of the plan to ensure that the charter schools the applicant proposes to replicate or expand will recruit, enroll, and effectively serve educationally disadvantaged students, particularly students with disabilities and English learners.**

Strengths:

The applicant provided a reasonably high quality of the plan to ensure that the charter schools the applicant proposes to replicate will recruit, enroll, and effectively serve educationally disadvantaged students, particularly students with disabilities and English learners. The applicant is proposing to support opening and expanding 1 high school, 1 middle, and 4 elementary schools and expand grades levels at 6 elementary and 4 middle schools over the next five years. Each new school opening, and grade expansion will allow SA to greatly increase the number of high-needs children that it serves across four boroughs. (pgs. 32-33)

The applicant clearly demonstrated that the CMO is proposing to replicate or expand high-quality charter schools that have an intentional focus on recruiting students from racially and socioeconomically diverse backgrounds and maintaining racially and socioeconomically diverse student bodies in those charter schools. For example, the applicant indicated that the proposed program expansion is committed to attracting and retaining a racially and socioeconomically diverse student body and will seeks to attract all students, including ELLs and special education students, by directing outreach and other recruitment efforts at a broad range of neighborhoods, preschools, and community programs that serve both special education and non-special education students. The commitment is further demonstrated by the fact the current schools consisting of over 11,700 students are eligible for free or reduced-price lunch (FRPL), making up nearly 73% of SA's student population. At 16 SA schools, more than 80% of scholars qualify for FRPL, and at 39 schools, more than 60% of scholars qualify for FRPL. To meet this goal, the

Sub

applicant indicated their enrollment application is available in Spanish, Chinese, Russian, and French, as well as English. A variety of outreach efforts will be utilized to ensure that every family within a SA school community is aware that their child has the option to apply. (pgs. 34-36)

Weaknesses:

No weaknesses noted.

Reader's Score: 15

Selection Criteria - Quality of the Project Evaluation

1. Selection Criteria 3: Quality of the evaluation plan for the proposed project

In determining the quality of the evaluation plan for the proposed project, the Secretary considers the extent to which the methods of evaluation include the use of objective performance measures that are clearly related to the intended outcomes of the proposed project, as described in the applicant's logic model, and that will produce quantitative and qualitative data by the end of the grant period.

Strengths:

The applicant provided reasonable objective performance measures that will enable the applicant to compare each school's performance against its prior performance, against other SA schools, and against public schools across NYC and New York State. The applicant indicated the organization will monitor performance using data for internal tracking and to ensure each school is on track to meet the goals. The performance measures detailed and clearly related to the intended outcomes included a logic model. (pgs. 51-52)

Weaknesses:

The applicant did not provide fully developed evaluation plan that included components, such as methods of evaluation aligned with the objective performance measures. Without this information it is difficult to determine how some of the data will be analyzed and what types of quantitative and qualitative data will be gained from the data analysis. The applicant does not discuss who will conduct the evaluation and what are the potential outcomes of the evaluation.

Reader's Score: 5

Selection Criteria - Quality of the Management Plan

1. Selection Criteria 4: Quality of the Management Plan

In determining the quality of the applicant's management plan, the Secretary considers the following factors:

Reader's Score: 15

Sub

- 1. (j) The ability of the applicant to sustain the operation of the replicated or expanded charter schools after the grant has ended, as demonstrated by the multi-year financial and operating model required under section 4305(b)(3)(B)(iii) of the ESEA (5 points). (NFP)

Strengths:

The applicant provided a detailed plan demonstrating how the organization will sustain the expansion beyond the grant period. For example, the applicant indicated that the CMO currently receives \$15,307 in public general education funding per pupil. In addition to the general education funding, SA schools receive per pupil funding for special education that can amount to an additional \$19,049 per student, depending on the level of services provided. SA schools currently operate solely on public funding via per pupil funding from the state, previously received CSP Replication and Expansion grants, and other federal entitlement programs: Title I, Title II, IDEA, National School Lunch Program and E-rate. The applicant indicated that Philanthropy also supports innovative projects such as the Education Institute and the CMO has been successful in raising funds to support its five-year growth plan. In FY19, SA expects to raise approximately \$42 million from foundations, individuals, and fundraising events and an additional \$9 million in federal funding. (pgs. 47-48)

Weaknesses:

No weaknesses noted.

Reader's Score: 5

- 2. (ii) The adequacy of the management plan to achieve the objectives of the proposed project on time and within budget, including clearly defined responsibilities, timelines, and milestones for accomplishing project tasks. (34 CFR 75.210(g)(2)(i))

Strengths:

The applicant provided a detailed management plan that detailed the timeline proposed to achieve the objectives of the proposed project on time and within budget. The applicant included clearly defined responsibilities, timelines, and milestones for accomplishing project tasks. (pgs. 48-50)

The applicant provided a reasonable management plan that clearly demonstrated the process and procedures in place for opening new schools. For example, the CMO has various management teams in place responsible for all management operations, such as the human resources team to implement hiring policies and to recruit, interview, and hire all the faculty and staff needed for expanding schools. There are facilities personnel who can renovate a school building for the first day of classes in 30 business days. The applicant indicated that expanding to serve new grades requires significant time and resources and the teams and school staff begin working more than a year in advance to make sure each expanding school has the leadership, staff, facilities, and equipment to serve additional students.

Weaknesses:

No weaknesses noted.

Reader's Score: 5

- 3. (iii) The qualifications, including relevant training and experience, of key project personnel. (34 CFR 75.210(e)(3)(ii))

Sub

Strengths:

The applicant clearly demonstrated that the proposed key personnel have the qualifications, relevant training and experience to implement the project goals and manage to operational functions. As evidenced in the resumes and bios, the CMO has in place an experienced senior management team with experience in business and development, finance, human resources, legal affairs, and communications. The senior team is highly involved in implementing the tasks for each school expansion. The project director has been identified and she is CPA with nearly twenty years of accounting experience with the CMO. She will supervise a team of financial professionals responsible for daily financial operations, cash management, reporting, budgeting, and banking. She has an MBA from Georgia State University and a BS in Accounting from the University of Tennessee. (pgs. 55-61)

Weaknesses:

No weaknesses noted.

Reader's Score: 5

Priority Questions

Competitive Preference Priority 1 - Promoting Diversity

1. Competitive Preference Priority 1— Promoting Diversity.

Under this priority, applicants must propose to replicate or expand high-quality charter schools that have an intentional focus on recruiting students from racially and socioeconomically diverse backgrounds, and maintaining racially and socioeconomically diverse student bodies in those charter schools, consistent with nondiscrimination requirements contained in the U.S. Constitution and Federal civil rights laws.

Strengths:

The applicant clearly demonstrated that the CMO is proposing to replicate or expand high-quality charter schools that have an intentional focus on recruiting students from racially and socioeconomically diverse backgrounds and maintaining racially and socioeconomically diverse student bodies in those charter schools. For example, the applicant indicated that the proposed program expansion is committed to attracting and retaining a racially and socioeconomically diverse student body and will seeks to attract all students, including ELLs and special education students, by directing outreach and other recruitment efforts at a broad range of neighborhoods, preschools, and community programs that serve both special education and non-special education students. The commitment is further demonstrated by the fact the current schools consisting of over 11,700 students are eligible for free or reduced-price lunch (FRPL), making up nearly 73% of SA's student population. At 16 SA schools, more than 80% of scholars qualify for FRPL, and at 39 schools, more than 60% of scholars qualify for FRPL. To meet this goal, the applicant indicated their enrollment application is available in Spanish, Chinese, Russian, and French, as well as English. A variety of outreach efforts will be utilized to ensure that every family within a SA school community is aware that their child has the option to apply. (pgs. 13-15)

Weaknesses:

No weaknesses noted.

Reader's Score: 3

Competitive Preference Priority 2 - Reopening Poor-performing Public Schools

1. Competitive Preference Priority 2— Reopening Academically Poor-performing Public Schools as Charter Schools

Under this priority, applicants must:

- (i) Demonstrate past success working with one or more academically poor-performing public schools or schools that previously were designated as persistently lowest-achieving schools or priority schools under the former School Improvement Grant program or in States that exercised ESEA flexibility, respectively, under the ESEA, as amended by the No Child Left Behind Act of 2001 (NCLB); and**
- (ii) Propose to use grant funds under this program to reopen one or more academically poor-performing public schools as charter schools during the project period by--**
 - (A) Replicating one or more high-quality charter schools based on a successful charter school model for which the applicant has provided evidence of success; and**
 - (B) Targeting a demographically similar student population in the replicated charter schools as was served by the academically poor-performing public schools, consistent with nondiscrimination requirements contained in the U.S. Constitution and Federal civil rights laws.**

Strengths:

The applicant is not responding to CPP 2.

Weaknesses:

The applicant is not responding to CPP 2.

Reader's Score: 0

Competitive Preference Priority 3 - High School Students

1. Competitive Preference Priority 3— High School Students.

Under this priority, applicants must propose to:

- (i) Replicate or expand high-quality charter schools to serve high school students, including educationally disadvantaged students;**
- (ii) Prepare students, including educationally disadvantaged students, in those schools for enrollment in postsecondary education institutions through activities such as, but not limited to, accelerated learning programs (including Advanced Placement and International Baccalaureate courses and programs, dual or concurrent enrollment programs, and early college high schools), college counseling, career and technical education programs, career counseling, internships, work-based learning programs (such as apprenticeships), assisting students in the college admissions and financial aid application processes, and preparing students to take standardized college admissions tests;**
- (iii) Provide support for students, including educationally disadvantaged students, who graduate from those schools and enroll in postsecondary education institutions in persisting in, and attaining a degree or certificate from, such institutions, through activities such as, but not limited to, mentorships, ongoing assistance with the financial aid application process, and establishing or strengthening peer support systems for such students attending the same institution; and**
- (iv) Propose one or more project-specific performance measures, including aligned leading indicators or other interim milestones, that will provide valid and reliable information about the applicant's progress in preparing students, including educationally disadvantaged**

students, for enrollment in postsecondary education institutions and in supporting those students in persisting in and attaining a degree or certificate from such institutions. An applicant addressing this priority and receiving a CMO grant must provide data that are responsive to the measure(s), including performance targets, in its annual performance reports to the Department.

(v) For purposes of this priority, postsecondary education institutions include institutions of higher education, as defined in section 8101(29) of the ESEA, and one-year training programs that meet the requirements of section 101(b)(1) of the Higher Education Act of 1965, as amended (HEA).

Strengths:

The applicant clearly demonstrated that the proposed funding Success Academy will open a third high school to serve its rapidly growing population of scholars in SA schools across New York City. The new high will offer a range of supports for any student who is struggling or facing challenges in specific courses, including ELLs and students with disabilities. Teachers and leaders may partner to place students in Academic Intervention courses to supplement core courses, or to provide individualized tutoring free of cost to the scholars in subjects in which a student is experiencing challenges.

The high school design included supports to help students gain college acceptance, but also to help students graduate from college. The SA high school workload is collegiate level and many courses are taught at an Advanced Placement (AP) level, preparing students for the academic demands they will encounter at selective colleges. Currently, all juniors are required to take the AP World History and Literature exams. SA's Honors Humanities program features an online elective in conjunction with Harvard University and Poetry in America. Successful completion of the course earns scholars undergraduate course credit from Harvard. The applicant has a record of graduating scholars who were accepted into competitive colleges, including highly selective schools such as MIT, Emory, and Tufts, many with full scholarships.

Approximately 115 SA high schoolers participated in a wide range of summer programming through the SA Summer Experience program, from academic pre-college programs at schools including Stanford, Brown, Carleton, and Emory. SA also works with businesses and other organizations to identify meaningful internships where scholars can participate, develop their talents, and gain key insights outside of the classroom. Past internships have included stints at Merrill Lynch, Sotheby's, and 300 Entertainment Comprehensive Test Preparation.

Success Academy high schools provide free, comprehensive preparation for the PSAT, SAT, and AP exams. In preparation for each exam, SA currently provides students with an eight-week course, covering foundational topics for the verbal and math sections of the exam, including three or four official practice exams. In 2018, Success Academy high school seniors scored an average of 1263 on their SAT exams, beating the national average of 1068 by 195 points. The applicant provided rigorous goals and project-specific performance measures. (pgs. 19-28)

Weaknesses:

No weaknesses noted.

Reader's Score: 3

Competitive Preference Priority 4 - Replicating/Expanding High-quality Charter Schools

1. Competitive Preference Priority 4— Replicating or Expanding High-quality Charter Schools to Serve Native American Students.

- (i) Propose to replicate or expand one or more high-quality charter schools that--**
 - (A) Utilize targeted outreach and recruitment in order to serve a high proportion of Native**

American students, consistent with nondiscrimination requirements contained in the U.S. Constitution and Federal civil rights laws;

(B) Have a mission and focus that will address the unique educational needs of Native American students, such as through the use of instructional programs and teaching methods that reflect and preserve Native American language, culture, and history; and

(C) Have a governing board with a substantial percentage of members who are members of Indian Tribes or Indian organizations located within the area to be served by the replicated or expanded charter school;

(ii) Submit a letter of support from at least one Indian Tribe or Indian organization located within the area to be served by the replicated or expanded charter school; and

(iii) Meaningfully collaborate with the Indian Tribe(s) or Indian organization(s) from which the applicant has received a letter of support in a timely, active, and ongoing manner with respect to the development and implementation of the educational program at the charter school.

Strengths:

The applicant is not responding to CPP 4.

Weaknesses:

The applicant is not responding to CPP 4.

Reader's Score: 0

Status: Submitted
Last Updated: 02/12/2019 05:11 PM

Status: Submitted
 Last Updated: 02/12/2019 05:11 PM

Technical Review Coversheet

Applicant: Success Academy Charter Schools, Inc. (U282M180025)
Reader #3: *****

	Points Possible	Points Scored
Questions		
Selection Criteria		
Quality of the eligible applicant		
1. Quality of the Applicant	45	44
Significance		
1. Disadvantaged Students	30	26
Quality of the Project Evaluation		
1. Evaluation Plan	10	6
Quality of the Management Plan		
1. Management Plan	15	14
Sub Total	100	90
 Priority Questions		
Competitive Preference Priority 1		
Promoting Diversity		
1. Promoting Diversity	3	3
Sub Total	3	3
 Competitive Preference Priority 2		
Reopening Poor-performing Public Schools		
1. Reopening Public Schools	3	0
Sub Total	3	0
 Competitive Preference Priority 3		
High School Students		
1. High School Students	3	3
Sub Total	3	3
 Competitive Preference Priority 4		
Replicating/Expanding High-quality Charter Schools		
1. Replicating/Expanding	3	0
Sub Total	3	0
Total	112	96

Technical Review Form

Panel #4 - CMO - 4: 84.282M

Reader #3: *****

Applicant: Success Academy Charter Schools, Inc. (U282M180025)

Questions

Selection Criteria - Quality of the eligible applicant

1. Selection Criteria 1: Quality of the eligible applicant

Reader's Score: 44

Sub

- (i) The extent to which the academic achievement results (including annual student performance on statewide assessments and annual student attendance and retention rates and, where applicable and available, student academic growth, high school graduation rates, college attendance rates, and college persistence rates) for educationally disadvantaged students served by the charter schools operated or managed by the applicant have exceeded the average academic achievement results for such students served by other public schools in the State.**

Strengths:

On the 2018 state exams, 98% of Success Academy (SA) students passed math, compared to 43% of NYC students, and 91% passes ELA, compared to 47% of NYC students (e38). SA's ELL and special needs students outperformed their peers citywide by dramatic margins (e17). The applicant provides evidence that their achievement scores are consistently within the top 10% of schools and a majority of schools in the top 5% (e38) for the past 10 years. The applicant operates six national Blue Ribbon schools (e40). SA students with disabilities were more than twice as likely to pass math exams than NYC students without disabilities (e41). ELL students at SA outperformed ELL students across NYC (e43). The applicant provides evidence that the attendance rate across their schools is 97.7% compared to 91% for NYC schools and 94% for NY State schools (e46). SA special education students outperformed NYC special education students by 75 percentage points in math and 58 percentage points in reading (e44).

Weaknesses:

The applicant did not provide sufficient breakdown of the academic performance of racial groups compared to either NYC or NY State.

Reader's Score: 14

- (ii) The extent to which one or more charter schools operated or managed by the applicant have closed; have had a charter revoked due to noncompliance with statutory or regulatory requirements; or have had their affiliation with the applicant revoked or terminated, including through voluntary disaffiliation.**

Strengths:

The applicant has not had a charter revoked nor has there been any disaffiliation with specific charter schools (e48). The applicant has received 48 charters, including 14 new charters in 2014 and currently serves 16,000 students (e48). The operator works closely with the NYC public school system to implement statutory requirements of IDEA

Sub

(e27). The operator has not requested any waivers.

Weaknesses:

There are no weaknesses in this section.

Reader's Score: 15

3. (iii) **The extent to which one or more charter schools operated or managed by the applicant have had any significant issues in the area of financial or operational management or student safety, or have otherwise experienced significant problems with statutory or regulatory compliance that could lead to revocation of the school's charter.**

Strengths:

The applicant has not had any significant issues with financial or operational management or student safety. The applicant complies with statutory and regulatory requirements including Age Discrimination Act of 1975, Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, IDEA, and applicable State laws (e48). An audit by the NYC comptroller found that all funds were spent on educating students (e49). Both an accounting firm and SUNY have consistently given SA a high marks for its financial practices (e49). It's most recent audit found no qualified comments.

Weaknesses:

There are no weaknesses in this section.

Reader's Score: 15

Selection Criteria - Significance

1. **Selection Criteria 2: Significance of contribution in assisting educationally disadvantaged students**

In determining the significance of the contribution the proposed project will make in expanding educational opportunities for educationally disadvantaged students and enabling those students to meet challenging State academic standards, the Secretary considers the following factors:

Reader's Score: 26

Sub

1. (i) **The extent to which charter schools currently operated or managed by the applicant serve educationally disadvantaged students, particularly students with disabilities and English learners, at rates comparable to surrounding public schools or, in the case of virtual charter schools, at rates comparable to public schools in the State.**

Strengths:

The applicant's student body is comprised of 81% Black and Hispanic students compared to 66.5% citywide. The applicant presents many examples of the percentage of enrollment by subgroup for its programs (e.g., e108, e201).

Sub

Weaknesses:

The applicant does not provide ample information regarding the subgroups attending their schools and either the local community district or the state. The applicant's schools serve less (current and former) ELL (8.3% compared to 13.5%), special education (13.8% versus 19.7%) and FRPL (73% versus 74%) students than NYC schools (e50). The applicant provides extensive student demographics but does not provide comparable numbers for the local schools or the state (e218).

Reader's Score: 11

- 2. (ii) The quality of the plan to ensure that the charter schools the applicant proposes to replicate or expand will recruit, enroll, and effectively serve educationally disadvantaged students, particularly students with disabilities and English learners.**

Strengths:

The applicant engages in enhanced recruitment activities example, enhanced recruitment initiatives (e50). The school plans to direct outreach and recruitment efforts at a broad range of neighborhoods preschools, and community programs that serve both special education and non-special education students (e24). The school produces applications in five languages. Application information is disseminated to a broad scope of families, and the school actively reaches out to students with disabilities, ELLs, students from different racial and ethnic groups, and/or economically disadvantaged students (e24). Specifically, the applicant leaves flyers in public housing complexes, low-income communities, local newspapers, community fairs, daycares, and provides tours of their schools (e25). The school added an ELL preference to its weighted lottery (e25). The school offers strategies and interventions that assist in retaining educationally disadvantaged students, including Response to Intervention, extensive special education services, differentiated instruction for high performing students, and a language immersion program. (e29) Parent involvement efforts are extensive (e55).

Weaknesses:

There are no weaknesses in this section.

Reader's Score: 15

Selection Criteria - Quality of the Project Evaluation

- 1. Selection Criteria 3: Quality of the evaluation plan for the proposed project**

In determining the quality of the evaluation plan for the proposed project, the Secretary considers the extent to which the methods of evaluation include the use of objective performance measures that are clearly related to the intended outcomes of the proposed project, as described in the applicant's logic model, and that will produce quantitative and qualitative data by the end of the grant period.

Strengths:

The applicant provides an extensive list of goals for the project that will demonstrate its effectiveness in implementing the programs paid for by this grant (e69). The applicant provides a logic model that states the projects proposed outcomes (e51).

Weaknesses:

Aside from listing the goals of the project, there is very little information about the evaluation. The evaluation does not include any review of the proposed expansion, including how effective it was in recruiting the target population. The only goals presented are those that pertain to statewide testing. Some elements of the logic model that are not assessed include: assessment of diverse student body, professional development, the "love of learning and academic persistence", increases access to and ability to graduate from four-year colleges, and retention rates. The applicant does not discuss who will conduct the evaluation. The evaluations described were not specific to the new schools.

Reader's Score: 6

Selection Criteria - Quality of the Management Plan

1. Selection Criteria 4: Quality of the Management Plan

In determining the quality of the applicant's management plan, the Secretary considers the following factors:

Reader's Score: 14

Sub

- 1. (i) The ability of the applicant to sustain the operation of the replicated or expanded charter schools after the grant has ended, as demonstrated by the multi-year financial and operating model required under section 4305(b)(3)(B)(iii) of the ESEA (5 points). (NFP)**

Strengths:

The Senior team is highly involved with the implementation of the program (e71). The Project Director is a CPA and a 20 year employee (e71). The applicant has extensive experience in managing both grants and operating their schools after the grant is completed. The applicant provides a multi-year financial model demonstrating how dollars will be spent (e76). The applicant has developed a per pupil expansion cost for most elements of the program (e356). The financial plan includes a justification for all expenses necessary to carry out the proposed expansion and replication (e360). The applicant includes a contingency budget in the event that a school closes during the process (e363). The proposal states that the CMO will raise \$42 million in donations and \$9 million n federal funding (e77).

Weaknesses:

There are no weaknesses in this area.

Reader's Score: 5

- 2. (ii) The adequacy of the management plan to achieve the objectives of the proposed project on time and within budget, including clearly defined responsibilities, timelines, and milestones for accomplishing project tasks. (34 CFR 75.210(g)(2)(i))**

Strengths:

The applicant describes a management structure that separates implementation and development (e75). One board focuses on ensuring schools are properly resourced while the other guides sustainable growth and directions setting. The timeline is realistic and includes major milestones, deliverables, and the project "owner" (e66)

Weaknesses:

While the applicant provides qualifications of the key personnel, most of them are at the corporate level; there is no indication of who will be performing these tasks at the site. In addition, the timeline does not offer specific personnel responsible for the tasks and goals, only departments. Plan is very general not specific to these.

Reader's Score: 4

- 3. (iii) The qualifications, including relevant training and experience, of key project**

Sub

personnel. (34 CFR 75.210(e)(3)(ii))

Strengths:

The applicant provides the qualifications of key personnel involved with the grant (e71). Resumes for these personnel are included. The staff proposed have extensive experience in charter schools

Weaknesses:

There are no weaknesses in this section.

Reader's Score: 5

Priority Questions

Competitive Preference Priority 1 - Promoting Diversity

1. Competitive Preference Priority 1— Promoting Diversity.

Under this priority, applicants must propose to replicate or expand high-quality charter schools that have an intentional focus on recruiting students from racially and socioeconomically diverse backgrounds, and maintaining racially and socioeconomically diverse student bodies in those charter schools, consistent with nondiscrimination requirements contained in the U.S. Constitution and Federal civil rights laws.

Strengths:

Strengths

The applicant demonstrates an intentional focus on recruiting educationally disadvantaged students. The school plans to direct outreach and recruitment efforts at a broad range of neighborhoods preschools, and community programs that serve both special education and non-special education students (e24). The school produces applications in five languages. Application information is disseminated to a broad scope of families, and the school actively reaches out to students with disabilities, ELLs, students from different racial and ethnic groups, and/or economically disadvantaged students (e24). Specifically, the applicant leaves flyers in public housing complexes, low-income communities, local newspapers, community fairs, daycares, and provides tours of their schools (e25). The school added an ELL preference to its weighted lottery (e25). The school offers strategies and interventions that assist in retaining educationally disadvantaged students, including Response to Intervention, extensive special education services, differentiated instruction for high performing students, and a language immersion program. (e29) Several of their schools recognized for their strong commitment to diversity by The Century Foundation and five of their schools have 3 or more racial groups with populations of at least 10% (e30).

Weaknesses:

There are no weaknesses in this section.

Reader's Score: 3

Competitive Preference Priority 2 - Reopening Poor-performing Public Schools

1. Competitive Preference Priority 2— Reopening Academically Poor-performing Public Schools as Charter Schools

Under this priority, applicants must:

(i) Demonstrate past success working with one or more academically poor-performing public schools or schools that previously were designated as persistently lowest-achieving schools or priority schools under the former School Improvement Grant program or in States that exercised ESEA flexibility, respectively, under the ESEA, as amended by the No Child Left Behind Act of 2001 (NCLB); and

(ii) Propose to use grant funds under this program to reopen one or more academically poor-performing public schools as charter schools during the project period by--

(A) Replicating one or more high-quality charter schools based on a successful charter school model for which the applicant has provided evidence of success; and

(B) Targeting a demographically similar student population in the replicated charter schools as was served by the academically poor-performing public schools, consistent with nondiscrimination requirements contained in the U.S. Constitution and Federal civil rights laws.

Strengths:

The applicant did not apply under this priority.

Weaknesses:

The applicant did not apply under this priority.

Reader's Score: 0

Competitive Preference Priority 3 - High School Students

1. Competitive Preference Priority 3— High School Students.

Under this priority, applicants must propose to:

(i) Replicate or expand high-quality charter schools to serve high school students, including educationally disadvantaged students;

(ii) Prepare students, including educationally disadvantaged students, in those schools for enrollment in postsecondary education institutions through activities such as, but not limited to, accelerated learning programs (including Advanced Placement and International Baccalaureate courses and programs, dual or concurrent enrollment programs, and early college high schools), college counseling, career and technical education programs, career counseling, internships, work-based learning programs (such as apprenticeships), assisting students in the college admissions and financial aid application processes, and preparing students to take standardized college admissions tests;

(iii) Provide support for students, including educationally disadvantaged students, who graduate from those schools and enroll in postsecondary education institutions in persisting in, and attaining a degree or certificate from, such institutions, through activities such as, but not limited to, mentorships, ongoing assistance with the financial aid application process, and establishing or strengthening peer support systems for such students attending the same institution; and

(iv) Propose one or more project-specific performance measures, including aligned leading indicators or other interim milestones, that will provide valid and reliable information about the applicant's progress in preparing students, including educationally disadvantaged students, for enrollment in postsecondary education institutions and in supporting those students in persisting in and attaining a degree or certificate from such institutions. An applicant addressing this priority and receiving a CMO grant must provide data that are responsive to the measure(s), including performance targets, in its annual performance reports to the Department.

(v) For purposes of this priority, postsecondary education institutions include institutions of

higher education, as defined in section 8101(29) of the ESEA, and one-year training programs that meet the requirements of section 101(b)(1) of the Higher Education Act of 1965, as amended (HEA).

Strengths:

The first graduating class was accepted into competitive colleges. AP classes are offered at the school with AP World History and Literature required (e31). The applicant offers a substantial number of internships, electives, summer experiences and travel (e32). The applicant's programs provide free, comprehensive preparation for PSAT, SAT, and AP testing (e32). 100% of seniors met national benchmarks for college readiness compared with 49% nationally (e34). The school provides College Access and Persistence Counselors (e35) to assist with applications, financial aid, and other college advising needs. The applicant provides post-graduation support for students in college (e35). The applicant provides specific performance measures on students' progress on activities related to post-secondary enrollment (e36).

Weaknesses:

There are no weaknesses in this section.

Reader's Score: 3

Competitive Preference Priority 4 - Replicating/Expanding High-quality Charter Schools

1. Competitive Preference Priority 4— Replicating or Expanding High-quality Charter Schools to Serve Native American Students.

(i) Propose to replicate or expand one or more high-quality charter schools that--

(A) Utilize targeted outreach and recruitment in order to serve a high proportion of Native American students, consistent with nondiscrimination requirements contained in the U.S. Constitution and Federal civil rights laws;

(B) Have a mission and focus that will address the unique educational needs of Native American students, such as through the use of instructional programs and teaching methods that reflect and preserve Native American language, culture, and history; and

(C) Have a governing board with a substantial percentage of members who are members of Indian Tribes or Indian organizations located within the area to be served by the replicated or expanded charter school;

(ii) Submit a letter of support from at least one Indian Tribe or Indian organization located within the area to be served by the replicated or expanded charter school; and

(iii) Meaningfully collaborate with the Indian Tribe(s) or Indian organization(s) from which the applicant has received a letter of support in a timely, active, and ongoing manner with respect to the development and implementation of the educational program at the charter school.

Strengths:

The applicant did not apply under this priority.

Weaknesses:

The applicant did not apply under this priority.

Reader's Score: 0

Status: Submitted
Last Updated: 02/12/2019 05:11 PM

Success Academy Charter Schools, Inc.

Financial Statements
Year Ended June 30, 2022

Success Academy Charter Schools, Inc.

Financial Statements
Year Ended June 30, 2022

Success Academy Charter Schools, Inc.

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statement of Financial Position as of June 30, 2022	5
Statement of Activities for the Year Ended June 30, 2022	6
Statement of Functional Expenses for the Year Ended June 30, 2022	7
Statement of Cash Flows for the Year Ended June 30, 2022	8
Notes to Financial Statements	9-21



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Independent Auditor's Report

The Board of Trustees
Success Academy Charter Schools, Inc.
New York, New York

Opinion

We have audited the financial statements of Success Academy Charter Schools, Inc. (the Network), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, 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 Network as of June 30, 2022, 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). 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 Network and to meet our other 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 Network'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

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with GAAS 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.

In performing an audit in accordance with GAAS, 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 Network'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 Network'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.

Report on Summarized Comparative Information

We have previously audited the financial statements of the Network as of and for the year ended June 30, 2021, and our report, dated October 29, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

October 4, 2022

Success Academy Charter Schools, Inc.

Statement of Financial Position (with comparative totals for 2021)

<i>June 30,</i>	2022	2021
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 54,342,088	\$ 53,212,052
Grants and contributions receivables, net (Notes 2 and 4)	1,841,634	1,710,173
Current portion of loans receivable from affiliate (Note 6)	-	3,500,000
Other receivables (Note 2)	30,822	30,822
Prepaid expenses	2,590,705	2,373,672
Inventory (Note 2)	1,324,497	-
Due from affiliate, net (Note 6)	4,395,532	2,976,313
Total Current Assets	64,525,278	63,803,032
Fixed Assets, Net (Notes 2 and 5)	179,610,128	69,163,025
Other Assets	350,000	-
Cash Funds , designated for community reinvestment (Note 2)	30,000,000	30,000,000
Total Assets	\$ 274,485,406	\$ 162,966,057
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 14,927,461	\$ 11,667,942
Accrued payroll and payroll taxes	4,587,160	4,782,533
Scholarship payable	472,000	47,350
Interest payable (Notes 6, 7, and 9)	4,465,386	4,292,200
Current portion of loans payable (Note 7)	2,100,000	1,600,000
Current portion of capital lease payable (Note 9)	35,799	544,812
Total Current Liabilities	26,587,806	22,934,837
Loans Payable , less current portion (Note 7)	5,300,000	7,708,815
Capital Lease Payable , less current portion (Note 9)	45,232,249	45,262,885
Deferred Rent (Note 10)	1,606,063	1,660,095
Refundable Advances (Note 2)	15,999,914	-
Total Liabilities	94,726,032	77,566,632
Commitments and Contingencies (Notes 2, 3, 6, 7, 8, 9, 10, 11, 12, and 14)		
Net Assets (Notes 2 and 14)		
Without donor restrictions:		
Undesignated	133,770,782	39,604,557
Board-designated cash funds for community reinvestment	30,000,000	30,000,000
Total Without Donor Restrictions	163,770,782	69,604,557
With donor restrictions	15,988,592	15,794,868
Total Net Assets	179,759,374	85,399,425
Total Liabilities and Net Assets	\$ 274,485,406	\$ 162,966,057

See accompanying notes to financial statements.

Success Academy Charter Schools, Inc.

Statement of Activities (with comparative totals for 2021)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
Revenue, Support, and Gains (Losses), Net				
Contributions (Note 2)	\$ 103,025,937	\$ 9,078,556	\$ 112,104,493	\$ 28,845,324
Special events, net of direct benefit expenses of \$405,120 and \$290,011 as of June 30, 2022 and 2021, respectively	4,900,187	-	4,900,187	5,849,535
Management fees (Note 6)	63,860,044	-	63,860,044	54,642,885
Government grants	1,118,028	-	1,118,028	3,172,018
Interest and other income	6,661,305	-	6,661,305	6,192,578
Net assets released from restrictions (Note 15)	8,884,832	(8,884,832)	-	-
Loss on asset impairment (Note 2)	(1,210,575)	-	(1,210,575)	(3,192,801)
Total Revenue, Support, and Gains (Losses), Net	187,239,758	193,724	187,433,482	95,509,539
Expenses				
Program services	78,347,025	-	78,347,025	59,528,571
Management and general	12,205,144	-	12,205,144	15,648,356
Fundraising	2,833,010	-	2,833,010	1,978,250
Total Expenses	93,385,179	-	93,385,179	77,155,177
Change in Net Assets, before forgiveness of debt	93,854,579	193,724	94,048,303	18,354,362
Forgiveness of Debt (Note 7)	311,646	-	311,646	666,185
Change in Net Assets	94,166,225	193,724	94,359,949	19,020,547
Net Assets, beginning of year	69,604,557	15,794,868	85,399,425	66,378,878
Net Assets, end of year	\$ 163,770,782	\$ 15,988,592	\$ 179,759,374	\$ 85,399,425

See accompanying notes to financial statements.

Success Academy Charter Schools, Inc.

Statement of Functional Expenses (with comparative totals for 2021)

Year ended June 30,

	Program Services	Management and General	Fundraising	Total	
				2022	2021
Salaries	\$ 35,903,705	\$ 5,556,526	\$ 1,282,275	\$ 42,742,506	\$ 35,025,982
Payroll taxes and benefits	6,128,184	948,409	218,864	7,295,457	6,519,832
Replication and expansion costs (Note 6)	592,028	-	-	592,028	1,795,374
Special events	-	-	359,488	359,488	208,457
Professional development	377,730	61,490	-	439,220	352,659
Audit and accounting fees	-	448,426	-	448,426	336,925
Legal fees	-	945,780	-	945,780	5,461,401
Travel and transportation	237,926	36,822	8,497	283,245	30,069
Consulting	6,478,892	1,002,685	231,389	7,712,966	5,619,693
Insurance	189,532	30,854	-	220,386	225,426
Occupancy (Notes 2 and 11)	4,586,087	399,160	92,114	5,077,361	4,631,887
Equipment rental and supplies	272,663	42,198	9,738	324,599	284,730
Telecommunications and internet	342,564	53,016	12,234	407,814	319,169
Information technology	6,375,820	986,734	227,708	7,590,262	3,242,818
Parent and community outreach	2,184,835	338,129	78,031	2,600,995	1,349,921
Printing and copying	89,037	13,780	3,180	105,997	50,687
Staff incentives and food	416,501	64,459	14,875	495,835	167,048
Interest expense	3,509,587	18,945	4,372	3,532,904	3,565,796
Marketing/recruitment	4,542,662	702,180	162,041	5,406,883	1,815,752
Depreciation expense (Notes 2 and 5)	3,577,384	167,246	38,595	3,783,225	3,674,579
Bad debt expense	457,170	70,753	16,327	544,250	-
Security deposit write-off	-	-	-	-	2,100,000
Miscellaneous	2,084,718	317,552	73,282	2,475,552	376,972
Total	\$ 78,347,025	\$ 12,205,144	\$ 2,833,010	\$ 93,385,179	\$ 77,155,177

See accompanying notes to financial statements.

Success Academy Charter Schools, Inc.

Statement of Cash Flows (with comparative totals for 2021)

Year ended June 30,	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 94,359,949	\$ 19,020,547
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	3,783,225	3,674,579
Bad debt expense	544,250	-
Donated stock	(24,302,337)	(1,091,278)
Realized gains on sale of donated stocks	(745,668)	(193,593)
Loss on asset impairment	1,210,575	3,192,801
Forgiveness of debt	(311,646)	(666,185)
(Increase) decrease in assets:		
Grants and contracts receivable	(675,711)	(919,316)
Other receivables	-	3,940,143
Prepaid expenses	(217,033)	(578,405)
Inventory	(1,324,497)	-
Due from affiliate	(1,419,219)	2,345,200
Other assets	(350,000)	2,180,182
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	3,259,519	4,023,649
Accrued payroll and payroll taxes	(195,373)	1,455,888
Scholarship payable	424,650	(2,000)
Interest payable	173,186	184,784
Deferred rent	(54,032)	(65,423)
Refundable advances	15,999,914	-
Net Cash Provided by Operating Activities	90,159,752	36,501,573
Cash Flows from Investing Activities		
Purchases of fixed assets	(115,440,904)	(292,748)
Sale of donated stocks	25,048,006	1,284,871
Net Cash (Used in) Provided by Investing Activities	(90,392,898)	992,123
Cash Flows from Financing Activities		
Loans receivable from affiliate	3,500,000	-
Repayment of capital lease obligation	(539,649)	(527,440)
Repayment of loans payable	(1,597,169)	(400,000)
Net Cash Provided by (Used in) Financing Activities	1,363,182	(927,440)
Net Increase in Cash and Cash Equivalents	1,130,036	36,566,256
Cash and Cash Equivalents, beginning of year	83,212,052	46,645,796
Cash and Cash Equivalents, end of year	\$ 84,342,088	\$ 83,212,052
Supplemental Disclosure of Cash Flow Information		
Noncash transaction related to capital leases	\$ 92,925	\$ 123,150
Cash paid during the year for interest	3,356,943	3,342,431
Supplemental Schedule of Cash		
Cash and cash equivalents	\$ 54,342,088	\$ 53,212,052
Cash funds - designated for community reinvestment	30,000,000	30,000,000
Total Cash and Cash Equivalents	\$ 84,342,088	\$ 83,212,052

See accompanying notes to financial statements.

Success Academy Charter Schools, Inc.

Notes to Financial Statements

1. Description

Success Academy Charter Schools, Inc. (the Network) is a Delaware not-for-profit corporation that was incorporated on June 30, 2006. The purposes of the Network are exclusively charitable and educational, within the meaning of Internal Revenue Code (IRC) Section 501(c)(3). The Network provides a comprehensive range of services essential to the high quality of Success Academy Charter Schools - NYC (SACS-NYC), serving as both the home office and the operational engine that powers SACS-NYC's schooling enterprise. The Network's activities include, but are not limited to, providing curriculum development, teacher and leader training, and school operations management to SACS-NYC.

The Network, which aims to serve primarily low-income children in under-resourced communities, is affiliated with Success Foundation, Inc. (the Foundation). The Network provides services to the schools operated under a single educational corporation - SACS-NYC.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Network have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest, and other investment income, net of direct internal and external investment expenses should be reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

These classes are defined as follows:

Without Donor Restrictions - This class consists of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Network. These net assets may be used at the discretion of the Network's management and the Board of Trustees. Board-designated net assets for community reinvestment is for long-term community reinvestment in connection with SACS-NYC's educational mission, including, but not limited to, its supervision and operation of schools and its real property needs (including, but not limited to, leases, acquisitions and/or furnishing, maintenance, and renovation of educational and/or administrative facilities) and all other matters in furtherance of SACS-NYC's mission to create and build high performing public charter schools.

Success Academy Charter Schools, Inc.

Notes to Financial Statements

With Donor Restrictions - This class consists of net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Network or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. At June 30, 2022, the Network had no assets with donor restrictions that are perpetual in nature.

Cash and Cash Equivalents

The Network considers highly liquid investments with original maturities of 90 days or less to be cash equivalents.

In fiscal year 2021, the Network has set aside cash as board-designated net assets for long-term community reinvestment and are shown as non-current assets in the statement of financial position. At June 30, 2022, Board-designated cash funds for community reinvestment was \$30,000,000.

Investments

Investments donated to the Network are recorded at fair value at the date of the receipt. Realized gains and losses on investments are recognized on disposal at the trade date. At June 30, 2022, there were realized gains of \$745,668 recognized.

Receivables

Receivables are recorded at their net realizable values, based upon an estimated allowance for doubtful accounts. Contributions receivable due after one year are discounted to net present value using a discount rate for contributions collectible in more than one year (see Note 4).

Conditional Promises to Give

During the year ended June 30, 2022, the Network received conditional promises to give from private donors in the amount of one hundred and five million dollars. Conditional promises to give are not included as contributions until the conditions have been met. The Network has recorded amounts received in advance of satisfying the conditions as deferred revenue on the statement of financial position. For the year ended June 30, 2022, the Network has deferred revenue related to conditional promises to give of \$15,999,914.

Provision for Doubtful Accounts

The Network maintains an allowance for doubtful accounts for the receivables that are specifically identified by management as to their uncertainty in regard to collectability after the initial recording of revenue at the net realizable value. At June 30, 2022, management determined that no estimated allowance would be recorded. All of the Network's short-term receivables are expected to be collected within one year.

Success Academy Charter Schools, Inc.

Notes to Financial Statements

Inventory

Inventory consists of employee laptops for use in the Charter School's everyday operations. The inventory is stated at the lower of cost (on a first-in, first-out basis) or net realizable value.

Fixed Assets

Fixed assets are recorded at cost. Additions and improvements or betterments in excess of \$2,500 with an estimated useful life of three or more years are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Fixed assets acquired with certain government contract funds are recorded as expenses pursuant to the terms of the contract. The estimated useful lives of the assets are as follows:

<u>Asset Description</u>	<u>Useful Life</u>
Building	30 years or lease term, whichever is shorter
Equipment	3 years
Furniture and fixtures	3 years
Website and software	3 years
Leasehold improvements	15 years or lease term, whichever is shorter

Asset Impairment

The Network reviews long-lived assets, including equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of June 30, 2022, management concluded that technology equipment and furniture with a net book value of \$1,210,575 are impaired.

Revenue Recognition

Contributions

The Network recognizes gifts of cash and other assets as with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—donor-restricted net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions. The Network reports amounts received with donor stipulations that limit the use of the assets for certain purposes as without donor restrictions net assets if the stipulated purpose restriction is accomplished in the same year. Contributions of assets other than cash are recorded at their estimated fair value. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event or a measurable barrier to bind the promisor, are recognized when the conditions on which they depend are substantially met.

Management Fees

The Network recognizes revenues from management fees based on the total number of full-time equivalent (FTE) students enrolled at SACS-NYC for general education and special education, which is recorded when services are performed, in accordance with the management agreement with

Success Academy Charter Schools, Inc.

Notes to Financial Statements

SACS-NYC. Management fees are based on \$3,275 per full time equivalent (FTE) student in the 2021-22 school year. Management fees are billed and calculated on a monthly basis. Under the management agreement, the Network is to provide SACS-NYC, among other things, curriculum development, teacher and leader training, and school operations management.

As SACS-NYC receives the services simultaneously as the Network is providing them, the Network recognizes revenue from these management fees over time. The Network believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. All services the Network is required to provide to SACS-NYC under the management agreement are bundled and considered a single-performance obligation; as such, the Network accounts for these bundled performance obligations under management fees in the statement of activities, which are recognized over time.

Government Grants

Revenue from federal government grants and contracts is recognized by the Network when qualifying expenditures are incurred and billable to the government or when required services have been provided.

Contract Assets and Contract Liabilities

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, contract assets are to be recognized when an entity has the right to receive consideration in exchange for goods or services that have been transferred to a customer when that right is conditional on something other than the passage of time. The Network does not recognize contract assets, as the right to receive consideration is unconditional in accordance with the passage of time criteria. Also, in accordance with ASC 606, contract liabilities are to be recognized when an entity is obligated to transfer goods or services for which consideration has already been received. The Network does not receive consideration prior to the transfer of goods or services and, therefore, does not recognize contract liabilities.

Contributions of Nonfinancial Assets

The Network may receive contributed services that are an integral part of its operations. Such services are only recorded as contributions of nonfinancial assets, at their fair value, provided the services received create or enhance nonfinancial assets, require specified skills provided by individuals possessing those skills, and typically need to be purchased, if not provided by donation. The donated services for the year ended June 30, 2022 was \$0.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the respective programs and activities according to the functional categories, as follows:

Program Services - These costs are associated with managing the educational programs at 47 charter schools across New York City, including, but not limited to, curriculum development, teacher and leader training, and school operations management.

Success Academy Charter Schools, Inc.

Notes to Financial Statements

Management and General - These costs represent the expenses related to the overall administration and operation of the Network office. These costs are not associated with any program services or fundraising. These costs are allocated based on the time-allocation method.

Fundraising - These costs represent the expenses related to the fundraising efforts. These costs are allocated based on the time-allocation method.

Income Taxes

The Network is exempt from federal, state, and local income taxes under Section 501(c)(3) of the IRC and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, the Network has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the IRC. There was no unrelated business income for the year ended June 30, 2022.

Under U.S. GAAP, an organization must recognize the tax benefit associated with tax positions taken for tax-return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Network does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Network is subject to routine audits by a taxing authority. As of June 30, 2022, the Network was not subject to any examination by a taxing authority.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

The Network maintains cash and cash equivalent balances in bank deposit accounts, which may exceed federally insured limits. The Network has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalent accounts.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset information. With respect to the statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity U.S. GAAP. Accordingly, such information should be read in conjunction with the Network’s financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Success Academy Charter Schools, Inc.

Notes to Financial Statements

Recently Adopted Accounting Pronouncements

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item on the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is effective for financial statements issued for fiscal years beginning after June 15, 2021. The Network adopted this ASU as of July 1, 2021. The adoption of this ASU did not have a material impact on the financial statements.

Accounting Pronouncements Not Yet Adopted

Leases

On February 25, 2016, the FASB issued ASU 2016-02, *Leases*, which will require lessees to recognize a lease liability (which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis) and a right-of-use asset (which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term). The FASB also issued ASU 2020-05, which deferred the effective date for the Network until annual periods beginning after December 15, 2021. The Network is currently evaluating the impact of the adoption of ASU 2016-02.

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans and certain other instruments, entities will be required to use new forward looking "expected loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 31, 2022. Management is currently evaluating the impact of this ASU on its financial statements.

Reclassifications

Certain reclassifications have been made to the 2021 financial statements in order to conform to the 2022 presentation.

Success Academy Charter Schools, Inc.

Notes to Financial Statements

3. Liquidity and Availability of Resources

The Network's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

June 30, 2022

Cash and cash equivalents	\$ 54,342,088
Grants and contributions receivables, net	1,841,634
Other receivables	30,822
Due from affiliate, net	4,395,532
	<hr/>
	60,610,076
Less: amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose or time	(15,988,592)
	<hr/>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 44,621,484

Liquidity Management

The Network regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Network seeks to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. See Note 8 for line of credit.

4. Grants and Contributions Receivable, Net

The net present value of grants and contributions receivable is \$1,841,634 as of June 30, 2022. The Network submitted a budget amendment on May 25, 2022 which was approved from the New York City Department of Education on August 25, 2022, with minimal risk to collectability of the grant funds.

5. Fixed Assets, Net

The Network's fixed assets, net, consist of the following:

June 30, 2022

Building	\$ 45,232,083
Leasehold improvements	33,343,714
Equipment	1,258,069
Land	109,758,365
Fixed assets not placed in service	5,338,348
	<hr/>
Total Assets	194,930,579
Less: accumulated depreciation and amortization	(15,320,451)
	<hr/>
Fixed Assets, Net	\$ 179,610,128

Success Academy Charter Schools, Inc.

Notes to Financial Statements

For the year ended June 30, 2022, depreciation expense was \$3,783,225.

6. Related Party Transactions

Due from Affiliate

The Network provides management and other administrative support services to SACS-NYC. Pursuant to the terms of the Academic and Business Service Agreement, with an effective date of July 1, 2021, SACS-NYC pays the Network an annual fee equal to the total FTE enrollment of students in SACS-NYC, multiplied by “the per-pupil fee.” The per-pupil fee shall be equal to \$3,275 per full time equivalent (FTE) student in the 2021-22 school year for charter schools in the New York City school district, as per the terms of the Academic and Business Service Agreement. For operational efficiency and purchasing power, the Network also shares expenses with SACS-NYC. For the year ended June 30, 2022, the Network recognized management fee revenue of \$63,860,044. The balance of the due from affiliate at June 30, 2022 was \$4,395,532. The balance represents expenses paid by the Network on behalf of SACS-NYC.

Net amounts due from SACS-NYC, which are included in current assets, are as follows:

June 30, 2022

Employee benefits	\$	942,382
School purchases		3,713,875
Medical insurance		(260,725)
	\$	4,395,532

Loans Receivable from Affiliated Organization

At various dates from July 2012 through June 2015, the Network entered into lending arrangements with SACS-NYC totaling \$8.5 million with annual interest equal to the prevailing interest rate available to the Network as of the date of each advance, which was 1%. The loans and any accrued unpaid interest are due in full within various dates of the lending arrangements. The loans 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. Additionally, SACS-NYC agreed to meet certain milestones within a specific time schedule, with the intent that certain of the amounts due under this loan be forgiven. During the year ended June 30, 2022, SACS-NYC paid back the remaining \$3.5 million that was outstanding at June 30, 2021. No further amounts were due at June 30, 2022.

Loan Guarantee

On January 29, 2020, SACS-NYC entered and signed a loan guarantee for the Network’s revolving line of credit in the amount of \$30 million with a financial institution whereby SACS-NYC, identified as a guarantor, guarantees the full payment when due, which is the obligation of the Network under the respective financing arrangements (see Note 8).

Sub-Lease Income

On November 2, 2017, the Network entered into an operating sub-lease agreement with a related party to sub-lease the community facility unit at 555 10th Avenue. On July 1, 2022, the parties extended the operating sub-lease agreement, expiring on June 30, 2027. On June 2, 2022, SACS-NYC

Success Academy Charter Schools, Inc.

Notes to Financial Statements

entered into a new operating sub-lease agreement with a related party to sub-lease the school buildings located at 604 and 606 East 139th Street, Bronx, New York. The lease commenced on February 22, 2022 and it expires on July 31, 2037. During the year ended June 30, 2022, the Network recognized income of \$5,890,101, which is included in interest and other income in the statement of activities (see Note 9).

7. Loans Payable

On November 3, 2010, the Network signed a subordinated loan agreement with the Charter Fund, Inc. d/b/a the Charter School Growth Fund (the CSGF), an unrelated party, in the amount of \$2,500,000 with annual interest of 3.25% on any unpaid balance. On October 2, 2012, the loan agreement was amended to increase the loan amount to \$4,500,000 and decrease the interest rate to 1%. Pursuant to the loan agreement, the Network received \$4,500,000 through June 30, 2014. Additionally, the Network agreed to meet certain milestones within a specific time schedule with the intent that certain of the amounts due under this loan be forgiven. \$1,000,000 was forgiven as of June 30, 2017 with the remaining outstanding principal at June 30, 2022 of \$3,500,000 to be repaid in four annual installments in the amounts of \$400,000, \$1,000,000, \$1,100,000, and \$1,000,000, starting September 30, 2022 through September 30, 2025, respectively. The loan proceeds were used to finance the issuance of the loan to SACS-NYC (see Note 6). Interest expense for the year ended June 30, 2022 was \$35,000. Accrued interest as of June 30, 2022 was \$369,167.

On December 16, 2016, the Network signed a loan agreement with the CSGF in the amount of \$2,000,000, with annual interest of 1% on any unpaid balance. The remaining outstanding principal at June 30, 2022 of \$1,500,000 is to be repaid in four annual installments in the amounts of \$500,000 and \$1,000,000 in fiscal years ending June 30, 2023 and June 30, 2026, respectively. The outstanding principal balance of this loan as of June 30, 2022 was \$1,500,000. Interest expense for the year ended June 30, 2022 was \$20,000. Accrued interest as of June 30, 2022 was \$110,000.

On December 16, 2016, the Network signed a loan agreement with the CSGF in the amount of \$3,500,000 with annual interest of 1% on any unpaid balance. On June 15, 2020, the repayment schedule for the CSGF loan was renegotiated and the remaining outstanding principal at June 30, 2022 of \$2,400,000 is to be repaid in two annual installments in the amounts of \$1,200,000 and \$1,200,000 in fiscal years ending June 30, 2023 and June 30, 2024, respectively. The outstanding principal balance of this loan as of June 30, 2022 was \$2,400,000. Interest expense for the year ended June 30, 2022 was \$26,750. Accrued interest as of June 30, 2022 was \$184,250.

On March 13, 2019, the Network signed a loan agreement with the CSGF in the amount of \$975,000 with annual interest of 1% on any unpaid balance. The loan is expected to be repaid in full on June 30, 2027. On December 4, 2020, the CSGF has forgiven \$666,185 in principal along with any unpaid related portion of the accrued interest. On December 17, 2021, the CSGF has forgiven \$311,646 in principal along with any unpaid related portion of the accrued interest. The outstanding principal balance of this loan as of June 30, 2022 was \$0. Interest expense for the year ended June 30, 2022 was \$1,288. Accrued interest as of June 30, 2022 was \$0.

Success Academy Charter Schools, Inc.

Notes to Financial Statements

At June 30, 2022, the total of the loan maturities are as follows:

Year ending June 30,

2023	\$	2,100,000
2024		2,200,000
2025		1,100,000
2026		2,000,000
	\$	7,400,000

8. Line of Credit

On January 29, 2020, the Network entered on a revolving line of credit in the amount of \$30 million with a financial institution, replacing its previous line of credit in the amount of \$10 million with a different institution. The line of credit has a sub-limit of \$4,935,886 for purposes of issuing letters of credit. SACS-NYC is a guarantor on the line of credit as stated in Note 6. The line of credit expires on January 29, 2023. The interest rate on the line of credit is per annum equal to London Inter-Bank Offered Rate (LIBOR) plus 3.00%. The line of credit is secured substantially by all assets of the Network. At June 30, 2022, the outstanding balance on the line of credit was \$0. A letter of credit has been allocated in the amount of \$1,640,326 against the sub-limit to secure the construction of leasehold improvements and security to the lease property of office space at 95 Pine Street. The letter of credit expires on January 1, 2023.

9. Capital Lease Payable

On December 2, 2016, the Network entered into a capital lease agreement for a community lease facility unit with an unrelated party for \$45.2 million for the purpose of operating the Success Academy Hudson Yards Elementary, Hudson Yards Middle School, and Success Academy Education Institute. The lease is secured by the community facility unit and requires monthly payments of principal and interest, at a rate of 7% per annum. Monthly installments vary throughout the life of the lease and commenced on December 2, 2017 for 30 years.

The following is a schedule of future minimum lease payments, including interest under the terms of the lease, together with the present value of the net minimum lease payments, as of June 30, 2022:

Year ending June 30,

2023	\$	3,436,819
2024		3,468,702
2025		3,538,076
2026		3,608,838
2027		3,681,014
Thereafter		97,744,461
Total Minimum Lease Payments		115,477,910
Less: amount representing interest		(70,209,862)
Present Value of Net Minimum Lease Payments		45,268,048
Less: current portion		(35,799)
Long-Term	\$	45,232,249

Success Academy Charter Schools, Inc.

Notes to Financial Statements

10. Deferred Rent

The Network has operating leases that contain predetermined increases in the rentals payable during the term of such leases. For these leases, the aggregate rental expense is recognized on a straight-line basis over the lease term. The difference between the expenses charged to operations in any year and the amount payable under the lease during the year is recorded as deferred rent on the Network's statement of financial position, which will reverse over the lease terms. Deferred rent amounted to \$1,606,063 as of June 30, 2022.

11. Commitments and Contingencies

Commitments

On August 29, 2013, the Network entered into a 15-year operating lease agreement to lease office space at 95 Pine Street, New York, New York. The lease commenced on November 27, 2013 and it expires on November 26, 2028. On February 22, 2022, the Network entered into a new 15-year operating lease agreement to lease school buildings located at 604 and 606 East 139th Street, Bronx, New York. The lease commenced on February 22, 2022 and it expires on July 31, 2037. The leases provide for rent escalations, and the Network is responsible for utilities, increases in real estate taxes based on the Network's percentage of occupancy, and other operating expenses.

Future minimum lease payments for operating lease agreements are as follows:

Year ending June 30,

2023	\$	5,239,224
2024		5,324,384
2025		5,873,754
2026		5,952,566
2027		6,017,469
Thereafter		41,967,880
	\$	70,375,277

Rent expense under the occupancy operating leases for the year ended June 30, 2022 amounted to \$2,518,982, included in total occupancy expense in the statement of functional expenses.

On May 3, 2017, the Network entered into a capital lease agreement for \$31.8 million for a building with an unrelated party for the purpose of operating the Success Academy High School of the Liberal Arts 2. The lease is secured by the building and requires monthly payments of principal and interest at a rate of 7% per annum. The landlord failed to deliver the property in the condition agreed to by both parties in the lease agreement, so the Network did not record the capital lease asset and liability. Further, the lease agreement also provides that if the delivery of the property does not occur by January 1, 2018, the fixed rent shall be reduced by 50%. The delivery of the property had not happened, so the Network had been paying 50% of the fixed rent, starting on July 1, 2018. However, effective in December 2020, the Network is no longer paying rent and is currently in negotiations with the landlord to resolve the issue. At June 30, 2022, the total rent expense under the occupancy lease was \$750,000, and is included in total occupancy expense in the statement of functional expenses.

Success Academy Charter Schools, Inc.

Notes to Financial Statements

Contingencies

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 financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

From time-to-time, the Network is involved in claims, lawsuits, and proceedings that arise in the ordinary course of business. Such matters include, but are not limited to, claims involving particular students, employment law, and personal injury. Management believes that the Network has strong defenses with respect to these matters, and that the Network intends to vigorously defend its positions. The Network evaluates estimated contingencies or losses related to these matters on an on-going basis, in conjunction with internal and external counsel. Should any matter, based on applicable accounting standards, be determined to likely result in adverse financial impact, the Network accrues a contingency accordingly. As of June 30, 2022, there are no matters for which the Network believes it must accrue a contingency or as to which the ultimate outcome would have a material adverse effect on the Network's financial position.

12. Revenue Concentrations

The Network receives a significant amount of its revenue and support from SACS-NYC, who is dependent for most of its revenue and support from the New York State Department of Education. If the funding from the Department of Education were to be reduced or eliminated, the Network finances could be materially adversely affected.

13. Employee Benefit Plan

The Network maintains a deferred compensation plan qualified under Section 403(b) of the IRC. The Network matches up to 3% of eligible employees' annual compensation. The Network made contributions totaling \$1,052,399 for the year ended June 30, 2022.

14. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following specific purposes at June 30, 2022:

Advocacy	\$	8,448,531
Education Program		6,201,629
Education Institute		250,000
Scholarships		588,432
Edge Fund		500,000
	\$	15,988,592

Success Academy Charter Schools, Inc.

Notes to Financial Statements

15. Net Assets Released from Restrictions

Net assets released from restrictions during the year ended June 30, 2022 consisted of the following:

Start-up costs of new schools (K-12 School)	\$	3,999,549
Advocacy		1,090,738
Education Program		3,790,545
Scholarships		4,000
	\$	8,884,832

16. Subsequent Events

The Network's management has performed subsequent events procedures through October 4, 2022, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.