



2022 Annual Benefit Report of Charter School Business Management Inc.

under Business Corporation Law section 1708

Receipt for the Filing should be mailed to:

Charter School Business Management Inc.

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Background

In 2006, Raj Thakkar, Founder & CEO, launched Charter School Business Management (CSBM) after serving as the Chief Financial Officer of a charter school in Brooklyn, NY for 4 years. During that time, he learned firsthand the challenges of responsibly managing the finances of charter schools, which are rapidly expanding multi-million dollar nonprofits until they reach maximum enrollment per their charter agreements. He was appalled about the #1 reason for their demise and how of the 1 in 7 that are shutdown, 80% of them are due to financial mismanagement. He believed this was a solvable problem and launched CSBM with the purpose of eradicating financial mismanagement of charter schools.

Our vision is: One day, ALL charter schools will view and value responsible financial management as VITAL. Our mission is: To empower charter schools and their stakeholders with VITAL knowledge and services to understand and practice responsible financial management.

In 2013, our Founder & CEO graduated from the Goldman Sachs 10,000 Small Businesses program at LaGuardia Community College, which supports entrepreneurs with developing growth plans to scale their respective companies and create more jobs.

Also in 2013, CSBM became a Certified B Corp after learning about the efforts of B Lab, which created an assessment recognizing for-profit organizations that use the power of business as a force for good through transparency in how fairly and responsibly they operate their companies to impact all stakeholders, not only their shareholders. By the end of 2022, we decided not to renew our status as a Certified B Corp.

Starting in 2016 as an Adjunct Professor at NYU's Wagner School of Public Service, our Founder & CEO taught *Understanding Social Enterprise: How to Use Business as a Force for Good* to undergraduate and graduate students to inspire and share how to launch and scale their own nonprofits and social enterprises, using CSBM as the running case study, including transparency about our growth-related challenges and engaging students to solve real-life problems.

In 2017, CSBM became a New York State Certified Minority Business Enterprise (MBE).

In 2018, our Founder & CEO was recognized as the Small Business Person of the Year for New York State by the U.S. Small Business Administration.

In 2019, CSBM converted from an S Corporation to a Benefit Corporation and has scaled the organization without any outside investments. Throughout our history, CSBM has been recognized multiple times (for each of the following awards) as Best for the World and Best for NYC based on our workers' impact on the numerous under-resourced communities we serve, Small Business of the Year for the Eastern Region of the U.S. by the U.S. Chamber of Commerce and as one of the Best Places to Work in NYC by Crain's NY Business.

In 2020, our Chief Growth Officer, Stephen B. Reid II, was named one of the Black Leaders Worth Watching by Diversity Journal for the tremendous impact he has made at our company and for our clients.

In 2021, CSBM was selected as one of the Top Impact Companies by Real Leaders magazine.

1(a) Process and Rationale for Selecting the Third Party Standard to Prepare the Benefit Report

We selected the B Impact Assessment because it is what we've used since 2013 and for our 2021 Benefit Report.

1(b) Ways in which CSBM Pursued General Public Benefit

These are the following ways we've pursued the general public benefit and impacted society in positive ways:

Impact/General Public Benefit	CSBM (Approximate)	FOREsight (Approximate)	Total
# of Clients Served & Impacted	125	27	152
# of Clients Shutdown due to Financial Mismanagement	0	0	0
# of Clients' Staff Members Paid via Payroll	10,800	651	11,451
# of Charter School Students (CSBM) & Nonprofit Individuals (FOREsight) Impacted	66,460	43,767	110,227
Responsible Financial Management of Clients' Budgets (\$ Accounted For)	\$1.27 Billion	\$0.65 Billion	\$1.92 Billion
Federal Grants for Clients (\$ Applied For & Awarded)	\$24.3 Million	\$0	\$24.3 Million
# of Employees (FTE)	50	N/A because FOREsight is a DBA of CSBM	50
New Jobs (FTE) Created at our Company Since prior Fiscal Year	5	N/A because FOREsight is a DBA of CSBM	5

1(c) Ways in which CSBM Pursued Specific Public Benefit

Per BCL §1702(e), the Specific Public Benefit purposes that are most applicable to CSBM include:

- providing low-income or underserved individuals or communities with beneficial products or services;
- promoting economic opportunity for individuals or communities beyond the creation of jobs in the normal course of business;
- promoting the arts, sciences or advancement of knowledge;
- increasing the flow of capital to entities with a public benefit purpose; and
- the accomplishment of any other particular benefit for society or the environment.

The actions by CSBM and our employees that demonstrate the pursuit of these public benefits include:

- Employees of CSBM/FOREsight navigated the continued business impacts of COVID-19, as well as did the same for all 152 of our clients. This included helping them adapt their organizational budgets as many times as needed, forecast on both a cash and accrual basis and apply for and secure PPP funding forgiveness, loans and new grant opportunities made available by the federal

government. We also helped clients reduce costs substantially, in order to survive the many impacts of the pandemic, as well as identify ways to spend the federal funding attained.

- Employees of CSBM shared our best practices regarding responsible financial management via 9 workshops/panel discussions/webinars.
- Our Founder & CEO edited a draft of our first book on the components of responsible financial management, including our best practices which help charter schools and nonprofits avoid repeating common mistakes.
- Our Founder & CEO meets with dozens of potential and existing entrepreneurs annually to guide them with their respective journeys, facilitate introductions and share available entrepreneurial resources (based on the phase of the journey) and also mentors 2 fellow entrepreneurs.
- Through our company value of doing what's right called **KARMA** (**K**indness, **A**ccomplishment, **R**espect, **M**otivation and **A**ppreciation), our teammates serve as board members of nonprofits and social enterprises:
 - Our Founder & CEO continues to serve as Board Advisor to BE MORE with Anu <https://bemorewithanu.com/>, which aims to eradicate unconscious racial and gender bias.
 - Our Founder & CEO continues to serve as Board Treasurer to Camelback Ventures <https://www.camelbackventures.org/>, which supports entrepreneurs of color and women entrepreneurs launch and scale their nonprofits, schools and social enterprises through an education fellowship and attracting capital.
 - Our Founder & CEO continues to serve as Board Treasurer to Solar Responders <https://www.solarresponders.org/>, which maximizes the capacity of first responders to save lives with renewable energy by installing solar and battery storage systems on first responder stations, starting with fire stations and later with EMS stations at Puerto Rico, post-Hurricane Maria related devastation.
 - Our President & COO, Karen Daniels serves as Board Treasurer of Literacy Trust <https://www.literacytrust.org/>, which leverages what already exists in school communities to increase educational capacity to create more fluent, motivated, self-confident readers.

1(d) Circumstances that have Hindered the Creation by the Benefit Corporation of General or Specific Public Benefit

We did not identify any circumstances that hindered the creation of general or specific public benefit. We did encounter challenges with quantifying our impact and which metrics to choose. Since our company impacts charter schools and nonprofits indirectly, we did not feel comfortable with demonstrating how our work impacts student achievement levels at our charter school clients, nor with mission achievement at our nonprofit clients, even though responsible financial management enables clients to focus their efforts on implementing their programs to the best of their abilities.

2. Assessment of our Performance relative to our General Public Benefit Purposed assessed against the B Impact Assessment

Our unaudited B Impact Assessment (BIA) is 94.3, which is made up of 16.8 for Governance, 37.6 for Workers, 17.5 for Community, 3.8 for Environment and 18.6 for Customers. Our score has evolved over the years, as the BIA continues to become more rigorous over time. We are pleased that our score continues to exceed the threshold of 80 and are not surprised by our low score on the environment as our company has very little control over our office and how our company's services do not impact the environment directly. We are pleased that our sub-scores for the impact our Workers create and the Customers we serve remain our two highest and combined represent 60% of our overall score. While the impact our Workers make with our Customers has tremendous impact on the charter school and nonprofit communities we serve, the demand is so high and financial volume/emergencies that arise are very frequent, that it leaves less time than desired to further impact communities with additional community service volunteer projects. We are also proud of being a Minority Business Enterprise that employs 100% diverse individuals, when considering the 8 social identifiers including race, gender, ethnicity, sexual orientation, religion, age, socio-economic status/class and ability.

3. Name of Each Person that Owns 5% or More of the Outstanding Shares of the Benefit Corporation

Snehal (Raj) Thakkar owns 100% of CSBM.