

**COMMUNITY PARTNERSHIP CHARTER SCHOOL
EDUCATION CORPORATION**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023

**COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Community Partnership Charter School Education Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Partnership Charter School Education Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Partnership Charter School Education Corporation as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Community Partnership Charter School Education Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Community Partnership Charter School Education Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Partnership Charter School Education Corporation 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 Community Partnership Charter School Education Corporation's ability to continue as a going concern for a reasonable period of time.

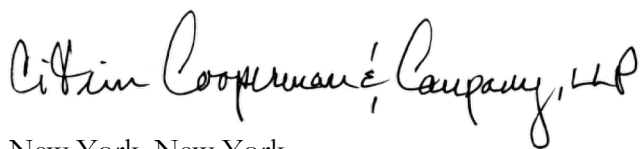
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on the Audit of the Financial Statements (Continued)***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in the schedules on pages 19 - 28 is presented for purpose of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on pages 29 - 32, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information contained in the schedules on pages 19 - 32 are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, on our consideration of Community Partnership Charter School Education Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Partnership Charter School Education Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Partnership Charter School Education Corporation's internal control over financial reporting and compliance.



New York, New York
October 29, 2024

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,927,453	\$ 641,261
Certificates of deposit	2,865,499	2,761,282
Grants receivable	1,627,177	2,646,721
Accounts and other receivables	12,639	33,678
Prepaid expenses	36,281	51,383
Other assets	263,910	255,945
Property and equipment, net	112,958	146,277
Restricted cash	150,000	150,000
Operating lease right-of-use assets	<u>52,548,549</u>	<u>53,843,171</u>
TOTAL ASSETS	\$ <u>59,544,466</u>	\$ <u>60,529,718</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,068,642	\$ 1,590,129
Refundable advances	62,996	42,491
Due to Beginning with Children Foundation, Inc.	701,649	475,436
Operating lease liabilities	<u>56,478,531</u>	<u>56,028,612</u>
Total liabilities	<u>59,311,818</u>	<u>58,136,668</u>
Commitments and contingencies (Notes 4, 7, 9 and 10)		
Net assets without donor restrictions:		
Board-designated for facility and personnel costs	1,200,000	1,200,000
Undesignated	<u>(967,352)</u>	<u>1,189,470</u>
Total net assets without donor restrictions	232,648	2,389,470
Net assets with donor restrictions	<u>-</u>	<u>3,580</u>
Total net assets	<u>232,648</u>	<u>2,393,050</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>59,544,466</u>	\$ <u>60,529,718</u>

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:						
State and local per pupil operating revenue	\$ 24,170,002	\$ -	\$ 24,170,002	\$ 19,862,110	\$ -	\$ 19,862,110
Government grants	2,032,867	-	2,032,867	3,465,454	-	3,465,454
Federal IDEA revenue	<u>288,046</u>	<u>-</u>	<u>288,046</u>	<u>188,126</u>	<u>-</u>	<u>188,126</u>
Total operating revenue	<u>26,490,915</u>	<u>-</u>	<u>26,490,915</u>	<u>23,515,690</u>	<u>-</u>	<u>23,515,690</u>
Operating expenses:						
Program services:						
Regular education	19,947,402	-	19,947,402	18,981,113	-	18,981,113
Special education	<u>9,446,635</u>	<u>-</u>	<u>9,446,635</u>	<u>7,841,726</u>	<u>-</u>	<u>7,841,726</u>
Total program services	<u>29,394,037</u>	<u>-</u>	<u>29,394,037</u>	<u>26,822,839</u>	<u>-</u>	<u>26,822,839</u>
Supporting services:						
Management and general	2,292,328	-	2,292,328	1,978,357	-	1,978,357
Fundraising	<u>273,086</u>	<u>-</u>	<u>273,086</u>	<u>256,271</u>	<u>-</u>	<u>256,271</u>
Total supporting services	<u>2,565,414</u>	<u>-</u>	<u>2,565,414</u>	<u>2,234,628</u>	<u>-</u>	<u>2,234,628</u>
Total operating expenses	<u>31,959,451</u>	<u>-</u>	<u>31,959,451</u>	<u>29,057,467</u>	<u>-</u>	<u>29,057,467</u>
Loss from government-funded school operations	<u>(5,468,536)</u>	<u>-</u>	<u>(5,468,536)</u>	<u>(5,541,777)</u>	<u>-</u>	<u>(5,541,777)</u>
Other income:						
Contributions and grants - private	708,018	-	708,018	929,983	-	929,983
Interest income and realized gains, net	185,429	-	185,429	38,183	-	38,183
Donated space and rental assistance	2,414,687	-	2,414,687	1,796,254	-	1,796,254
Net assets released from restrictions	<u>3,580</u>	<u>(3,580)</u>	<u>-</u>	<u>49,738</u>	<u>(49,738)</u>	<u>-</u>
Other income, net	<u>3,311,714</u>	<u>(3,580)</u>	<u>3,308,134</u>	<u>2,814,158</u>	<u>(49,738)</u>	<u>2,764,420</u>
Change in net assets	(2,156,822)	(3,580)	(2,160,402)	(2,727,619)	(49,738)	(2,777,357)
Net assets - beginning	<u>2,389,470</u>	<u>3,580</u>	<u>2,393,050</u>	<u>5,117,089</u>	<u>53,318</u>	<u>5,170,407</u>
NET ASSETS - ENDING	<u>\$ 232,648</u>	<u>\$ -</u>	<u>\$ 232,648</u>	<u>\$ 2,389,470</u>	<u>\$ 3,580</u>	<u>\$ 2,393,050</u>

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	\$ 1,208,149	\$ 349,303	\$ 1,557,452	\$ 1,109,500	\$ -	\$ 1,109,500	\$ 2,666,952
Instructional personnel	7,895,892	5,548,552	13,444,444	-	-	-	13,444,444
Non-instructional personnel	<u>130,740</u>	<u>41,230</u>	<u>171,970</u>	<u>171,526</u>	<u>-</u>	<u>171,526</u>	<u>343,496</u>
Total personnel services	9,234,781	5,939,085	15,173,866	1,281,026	-	1,281,026	16,454,892
Fringe benefits and payroll taxes	2,284,281	839,804	3,124,085	145,601	-	145,601	3,269,686
Retirement	212,502	67,412	279,914	28,218	-	28,218	308,132
Central service fees	1,585,974	325,619	1,911,593	546,169	273,086	819,255	2,730,848
Legal service	-	-	-	23,329	-	23,329	23,329
Accounting and audit services	-	-	-	72,974	-	72,974	72,974
Consulting services	651,051	219,260	870,311	18,336	-	18,336	888,647
Rent and leasing costs	3,200,817	1,119,314	4,320,131	-	-	-	4,320,131
Repairs and maintenance	337,336	115,351	452,687	-	-	-	452,687
Insurance	158,987	50,938	209,925	32,509	-	32,509	242,434
Utilities	160,956	55,636	216,592	-	-	-	216,592
Supplies and materials	609,350	226,026	835,376	791	-	791	836,167
Equipment and furnishings	46,418	14,250	60,668	-	-	-	60,668
Staff development	100,217	30,815	131,032	-	-	-	131,032
Marketing and recruitment	185,844	59,415	245,259	-	-	-	245,259
Technology	409,187	137,113	546,300	-	-	-	546,300
Food service	67,769	24,245	92,014	-	-	-	92,014
Student services	620,336	194,745	815,081	-	-	-	815,081
Office expense	51,857	17,406	69,263	132,772	-	132,772	202,035
Depreciation and amortization	17,367	6,225	23,592	9,727	-	9,727	33,319
Other expense	<u>12,372</u>	<u>3,976</u>	<u>16,348</u>	<u>876</u>	<u>-</u>	<u>876</u>	<u>17,224</u>
TOTAL	<u>\$ 19,947,402</u>	<u>\$ 9,446,635</u>	<u>\$ 29,394,037</u>	<u>\$ 2,292,328</u>	<u>\$ 273,086</u>	<u>\$ 2,565,414</u>	<u>\$ 31,959,451</u>

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	\$ 1,077,375	\$ 327,469	\$ 1,404,844	\$ 888,955	\$ -	\$ 888,955	\$ 2,293,799
Instructional personnel	7,375,975	3,967,904	11,343,879	-	-	-	11,343,879
Non-instructional personnel	<u>116,590</u>	<u>31,928</u>	<u>148,518</u>	<u>184,228</u>	<u>-</u>	<u>184,228</u>	<u>332,746</u>
Total personnel services	8,569,940	4,327,301	12,897,241	1,073,183	-	1,073,183	13,970,424
Fringe benefits and payroll taxes	2,098,306	707,147	2,805,453	59,021	-	59,021	2,864,474
Retirement	178,360	49,660	228,020	14,990	-	14,990	243,010
Central service fees	1,421,052	372,839	1,793,891	512,539	256,271	768,810	2,562,701
Legal service	-	-	-	16,105	-	16,105	16,105
Accounting and audit services	-	-	-	68,510	-	68,510	68,510
Consulting services	674,678	218,752	893,430	27,386	-	27,386	920,816
Rent and leasing costs	2,913,656	1,150,444	4,064,100	-	-	-	4,064,100
Repairs and maintenance	133,646	47,291	180,937	30,400	-	30,400	211,337
Insurance	135,272	38,306	173,578	27,098	-	27,098	200,676
Utilities	105,028	38,987	144,015	-	-	-	144,015
Supplies and materials	1,126,319	388,978	1,515,297	1,600	-	1,600	1,516,897
Equipment and furnishings	52,764	16,017	68,781	-	-	-	68,781
Staff development	134,758	32,541	167,299	-	-	-	167,299
Marketing and recruitment	269,773	78,556	348,329	-	-	-	348,329
Technology	415,892	153,031	568,923	-	-	-	568,923
Food service	71,990	21,817	93,807	-	-	-	93,807
Student services	600,824	173,184	774,008	-	-	-	774,008
Office expense	66,639	21,960	88,599	141,554	-	141,554	230,153
Depreciation and amortization	10,920	4,371	15,291	4,864	-	4,864	20,155
Other expense	<u>1,296</u>	<u>544</u>	<u>1,840</u>	<u>1,107</u>	<u>-</u>	<u>1,107</u>	<u>2,947</u>
TOTAL	<u>\$ 18,981,113</u>	<u>\$ 7,841,726</u>	<u>\$ 26,822,839</u>	<u>\$ 1,978,357</u>	<u>\$ 256,271</u>	<u>\$ 2,234,628</u>	<u>\$ 29,057,467</u>

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,160,402)	\$ (2,777,357)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized (gains) losses on redemptions of certificates of deposit	(79,215)	25,050
Depreciation	33,319	20,155
Non-cash lease expense	1,744,541	2,185,441
Changes in assets and liabilities:		
Grants receivable	1,019,544	(1,197,556)
Accounts and other receivables	21,039	(22,287)
Prepaid expenses	15,102	83,832
Other assets	(7,965)	(5,945)
Accounts payable and accrued expenses	478,513	269,707
Refundable advances	20,505	23,087
Due to Beginning with Children Foundation, Inc.	<u>226,213</u>	<u>516,466</u>
Net cash provided by (used in) operating activities	<u>1,311,194</u>	<u>(879,407)</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(161,368)
Proceeds from redemption of certificates of deposit	424,998	225,000
Purchases of certificates of deposit	<u>(450,000)</u>	<u>(900,000)</u>
Net cash used in investing activities	<u>(25,002)</u>	<u>(836,368)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	1,286,192	(1,715,775)
Cash, cash equivalents and restricted cash - beginning	<u>791,261</u>	<u>2,507,036</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - ENDING	<u>\$ 2,077,453</u>	<u>\$ 791,261</u>
Cash, cash equivalents and restricted cash consist of the following:		
Cash and cash equivalents	\$ 1,927,453	\$ 641,261
Restricted funds	<u>150,000</u>	<u>150,000</u>
Cash, cash equivalents and restricted cash shown in the statements of cash flows	<u>\$ 2,077,453</u>	<u>\$ 791,261</u>
Supplemental schedules for non-cash investing and financing activities:		
Operating lease liability and right-of-use assets recognized in connection with implementation of ASC 842 on July 1, 2022	<u>\$ -</u>	<u>\$ 50,948,411</u>

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Principal Business Activity

Community Partnership Charter School Education Corporation is an education corporation that operates two charter schools in the borough of Brooklyn, New York.

Effective October 1, 2014, Beginning with Children Charter School 2 ("BwCCS2") merged into Community Partnership Charter School ("CPCS"), the surviving entity. Concurrent with the merger, CPCS changed its name to Community Partnership Charter School Education Corporation ("CPCSEC").

On July 1, 2014, the Board of Regents of the University of the State of New York ("SUNY") granted a fourth provisional charter to CPCS for the merger of BwCCS2 and CPCS to form CPCSEC, expiring on July 31, 2017. On March 8, 2017, the Board of Regents of SUNY renewed the CPCSEC charter for a period of five years, expiring July 31, 2022.

On March 17, 2021, the Board of Regents of the University of the State of New York ("SUNY") granted approval of additional grades in High School as part of the Beginning with Children Charter School 2.

On June 28, 2022, the Board of Regents of SUNY renewed the CPCSEC charter for a period of five years, expiring July 31, 2027.

CPCSEC'S mission is to provide personalized education for each student, addressing weaknesses and reinforcing strengths through individualized instruction, dynamic curriculum, ongoing assessment and parental/community engagement. CPCSEC puts the needs of the whole student first, transcending the academic rigor of the classroom and nurturing the development of children from their formative years through college.

CPCSEC fulfills its mission by focusing its efforts in the following service areas:

Regular Education

Providing educational services to students in pre-kindergarten, lower, middle and high schools tailored to suit the needs of the individual students.

Special Education

Providing specialized educational services to students in pre-kindergarten, lower, middle and high schools tailored to suit the needs of the students with a focus on developmental learning.

The New York City Department of Education ("NYCDOE") provides free and reduced-price lunches and transportation directly to a majority of CPCSEC's students.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires CPCSEC to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Board-designated net assets were established by CPCSEC's board of trustees to provide for unforeseen facility, personnel and other issues.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. CPCSEC reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates

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

Cash and Cash Equivalents

CPCSEC considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2024 and 2023, CPCSEC's cash equivalents consisted of money market funds, sweep accounts, and time deposits.

Grants Receivable

CPCSEC records grants receivable at cost less an allowance for doubtful accounts. On a periodic basis, CPCSEC evaluates its grants receivable and establishes an allowance for doubtful accounts, if necessary, based on the history of collections. No allowance for doubtful accounts was deemed necessary as of both June 30, 2024 and 2023.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

CPCSEC capitalizes all purchases of property and equipment in excess of \$2,500 and with a useful life of greater than one year. Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the estimated useful life of the asset or the remaining life of the lease. Maintenance and repairs are charged to expense and major renewals and betterments are capitalized.

Impairment of Long-lived Assets

CPCSEC evaluates its long-lived assets, including CPCSEC's right-of-use assets, for impairment in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360, *Property, Plant and Equipment*. If this evaluation indicates that an impairment loss should be recognized, CPCSEC records the charge to operations for the estimated impairment loss in the period determined. No impairment charges were required for the years ended June 30, 2024 and 2023.

Restricted Cash

Restricted cash reflects \$150,000 in funds maintained in separate accounts as required by the Charter School Institute to have funds available to ensure an orderly liquidation, dissolution or transition process if CPCSEC's charter were to be terminated or CPCSEC was closed for other reasons.

Leases

CPCSEC has operating lease agreements for certain buildings under terms ranging up to 31 years. CPCSEC determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the accompanying statements of financial position.

Lease terms include the noncancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. CPCSEC has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. CPCSEC uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

Certain leases contain fixed and determinable escalation clauses for which CPCSEC recognizes rental expense under these leases on the straight-line basis over the lease terms. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Operating Revenue

Revenue from the state and local governments resulting from CPCSEC's charter status, which is based on the number of students enrolled, is recorded when services are performed in accordance with the charter agreement. Amounts received prior to services being rendered on behalf of students are recognized as "Refundable advances" in the accompanying statements of financial position.

A portion of CPCSEC's operating revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CPCSEC has incurred expenditures or provided the related services in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or providing the related services are reported as "Refundable advances" in the accompanying statements of financial position.

Contributions and Grants - Private

Contributions and grants from private donors, including unconditional promises to give, are recognized at fair value as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, at the time when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate that is commensurate with the risks involved, if any.

Private grants that are for cost reimbursement are conditioned upon the incurrence of allowable, qualifying expenses. Amounts received are recognized as revenue when CPCSEC has incurred expenditures in compliance with the specific grant. Amounts received prior to incurring qualifying expenditures are reported as "Refundable advances" in the accompanying statements of financial position.

Donations of noncash assets are recorded at their fair values at the date received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and are provided by individuals possessing those skills, are recorded at their fair values in the period received.

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets, would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such skills.

A number of volunteers have made a contribution of their time to CPCSEC to develop academic and other programs and to serve on the board of trustees. The value of this contributed time is not reflected in the accompanying financial statements in as much as those services would not typically be purchased had they not been provided by donation.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Donated Space and Rental Assistance

CPCSEC was the recipient of donated space which was used for the BwCCS2 middle school and high school campuses. For the years ended June 30, 2024 and 2023, the value of the donated space amounted to \$305,473 and \$336,014, respectively, and is included in "Donated space and rental assistance" in the accompanying statements of activities, and "Rent and leasing costs" in the accompanying statements of functional expenses.

During the years ended June 30, 2024 and 2023, CPCSEC received \$2,109,214 and \$1,460,240, respectively, of rental assistance from the NYCDOE as a direct reimbursement of rental expenses and are included in "Donated space and rental assistance" in the accompanying statements of activities. The fair value of the donated space is based on the rental rates provided in the underlying lease agreements.

CPCSEC occupies space in three public schools owned by the NYCDOE located in Brooklyn, New York, which have been made available to CPCSEC at no charge.

Functional Allocation of Expenses

The cost of providing the programs and other activities has been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative expenses include those expenses that are not directly identifiable with a specific program and provide for the overall support and direction of CPCSEC.

Expenses that are allocated include the following:

Expense	Method of Allocation
Fringe benefits and payroll taxes	Weighted average/head count
Retirement	Weighted average/head count
Central service fees	Children serviced/personnel supported
Staff development	Weighted average/head count
Marketing and recruitment	Weighted average/head count

Income Taxes

CPCSEC is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "IRC") and from state income taxes.

CPCSEC recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, CPCSEC assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

Management has evaluated CPCSEC's tax positions and has concluded that CPCSEC has taken no uncertain tax positions that require adjustment to the financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* ("ASU 2016-13"), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This guidance replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost.

CPCSEC's financial instruments include accounts and other receivables. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. CPCSEC adopted ASC 326 using the modified retrospective method at July 1, 2022 and it did not have a material impact on the financial statements.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, CPCSEC has evaluated subsequent events through October 29, 2024, the date that these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. LIQUIDITY AND AVAILABILITY

CPCSEC strives to maintain liquid financial assets sufficient to cover general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit.

Assets unavailable for general expenditures within one year that are limited to use include a board-designated fund for facility and personnel costs. In the event the need arises to utilize the board-designated funds, the reserves could be drawn upon through board resolution.

The following table reflects CPCSEC's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for use for general expenditures within one year.

	<u>2024</u>	<u>2023</u>
Financial assets as of June 30:		
Cash and cash equivalents	\$ 1,927,453	\$ 641,261
Certificates of deposit	2,865,499	2,761,282
Grants receivable	1,627,177	2,646,721
Accounts and other receivables	<u>12,639</u>	<u>33,678</u>
Total financial assets as of June 30	<u>6,432,768</u>	<u>6,082,942</u>
Less: assets unavailable for general expenditures within one year:		
Board-designated for facility and personnel costs	1,200,000	1,200,000
Net assets with donor restrictions	<u>-</u>	<u>3,580</u>
Total assets unavailable for general expenditures within one year	<u>1,200,000</u>	<u>1,203,580</u>
Total financial assets as of June 30	<u>\$ 5,232,768</u>	<u>\$ 4,879,362</u>

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4. RELATED-PARTY TRANSACTIONS

The Beginning with Children Foundation, Inc. (the "Foundation") is a not-for-profit organization dedicated to improving the educational opportunities of underserved children. The Foundation is co-founder of CPCSEC.

Central Service Fees

As an educational manager to charter schools, the Foundation entered into a Memorandum of Understanding ("MOU") agreement with CPCSEC for each of the years ended June 30, 2024 and 2023. Pursuant to the terms of the MOUs, CPCSEC agreed to pay service fees to the Foundation in the amount of \$2,730,848 and \$2,562,701 for the years ended June 30, 2024 and 2023, respectively. The Foundation supported CPCSEC in the areas of leadership and strategy, curriculum and assessment, research and evaluation, teacher development and recruitment, parent and family engagement, business services, compliance, development, technology, communications, board development and evaluation of effectiveness.

At June 30, 2024 and 2023, \$701,649 and \$475,436, respectively, were due to the Foundation. These amounts were comprised of the remaining cost advances net of pass-through contributions made directly to the Foundation for CPCSEC.

Donated Space

The donated space in the amounts of \$305,473 and \$336,014, for the years ended June 30, 2024 and 2023, respectively, was received from the Foundation.

NOTE 5. CERTIFICATES OF DEPOSIT

CPCSEC had certificates of deposit totaling \$2,865,499 and \$2,761,282 at June 30, 2024 and 2023, with fixed interest rates of ranging from 4.895% to 6.273% and maturity dates ranging from July 2024 to May 2027. Certificates of deposit are recorded at cost plus accrued interest, which approximates fair value.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>	<u>Estimated Useful Life</u>
Computer equipment	\$ 391,829	\$ 391,829	3 years
Furniture and fixtures	294,970	294,970	7 years
Leasehold improvements	<u>85,087</u>	<u>85,087</u>	5 years
	771,886	771,886	
Less: accumulated depreciation and amortization	<u>658,928</u>	<u>625,609</u>	
Property and equipment, net	<u>\$ 112,958</u>	<u>\$ 146,277</u>	

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7. COMMITMENTS

CPCSEC is obligated under a five-year lease agreement with the Foundation, commencing July 1, 2016 and originally ending on June 30, 2021. The lease was for the use of school facility space for the BwCCS2 Middle School. In June 2021, CPCSEC extended the lease agreement through June 30, 2026.

CPCSEC is obligated under a 31-year lease with the Foundation, commencing July 1, 2022 and expiring June 30, 2053. The lease is for the use of school facility space for the BwCCS2 High School.

CPCSEC is obligated under a 4.9-year lease with the Foundation, commencing August 14, 2023 and expiring June 29, 2028. The lease is for the use of administrative and office space.

Minimum annual rent amounts required under the lease at June 30, 2024, are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2025	\$ 3,455,240
2026	4,160,275
2027	2,827,349
2028	2,883,195
2029	2,593,094
Thereafter	<u>69,681,145</u>
Net minimum lease payments	85,600,298
Less: interest	<u>(29,121,767)</u>
Present value of lease liabilities	<u>\$ 56,478,531</u>

Supplemental cash flow information related to the lease commitments was as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 2,575,590</u>	<u>\$ 1,878,659</u>
Operating lease liability resulting from obtaining an operating lease right-of-use asset	<u>\$ 1,259,082</u>	<u>\$ -</u>
Weighted-average remaining lease term (in years):		
Operating leases	<u>27.14</u>	<u>28.06</u>
Weighted-average discount rate (%):		
Operating leases	<u>3.13</u>	<u>3.09</u>

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8. EMPLOYEE BENEFIT PLAN

CPCSEC maintains a defined contribution plan under Section 401(k) of the IRC covering all eligible employees. Under the plan, CPCSEC provides matching contributions. In addition, CPCSEC may elect, on a discretionary basis, to contribute a percentage of all qualified employees' compensation to the profit-sharing component of the plan. The amount charged to operations for contributions to the defined contribution plan was \$264,242 and \$218,172 for the years ended June 30, 2024 and 2023, respectively.

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2023, net assets with donor restrictions totaling \$3,580 were available to support the Beginning with Children 2, all of which were released during the year ended June 30, 2024. During the year ended June 30, 2023, net assets were released from donor restrictions by incurring expenses satisfying certain donor restrictions in the amount of \$49,738.

NOTE 10. CONTINGENCIES

Grants and Contracts

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in the disallowance of costs submitted for reimbursement. Management is of the opinion that such cost disallowance, 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.

Litigation

CPCSEC is, from time to time, subject to ordinary and routine litigation. Management presently believes that the ultimate outcome of these proceedings, individually or in the aggregate, will not have a material adverse effect on CPCSEC's financial condition, results of operations or cash flows. Nevertheless, litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include money damages and, in such event, could result in a material adverse impact on CPCSEC's financial condition, results of operations or cash flows for the period in which the ruling occurs.

NOTE 11. CONCENTRATIONS

Concentration of Credit Risk

Financial instruments that potentially subject CPCSEC to concentration of credit risk consist primarily of cash and cash equivalents, restricted cash, and certificates of deposit in excess of insured amounts. At times, CPCSEC's cash and cash equivalents, restricted cash, and certificates of deposit, which are placed with major financial institutions, exceed the insurance coverage provided by the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC"). The amount in excess of FDIC or SIPC insurance was \$2,126,540 and \$782,606 at June 30, 2024 and 2023, respectively.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11. CONCENTRATIONS (CONTINUED)

Grants Receivable

As of June 30, 2024 and 2023, one grantor accounted for 98% and 97%, respectively, of CPCSEC's grants receivable balance.

Revenue

State and local per pupil operating revenue from the New York State Education Department accounted for 81% and 76% of total revenue for the years ended June 30, 2024 and June 30, 2023, respectively.

SUPPLEMENTARY INFORMATION

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF ACTIVITIES BY CHARTER
FOR THE YEAR ENDED JUNE 30, 2024

	Beginning with Children Charter School 2	Beginning with Children Charter School 2 - High School	Community Partnership Charter School Pre- Kindergarten	Community Partnership Charter School	Total
Operating revenue:					
State and local per pupil operating revenue	\$ 11,697,151	\$ 3,724,025	\$ 277,676	\$ 8,471,150	\$ 24,170,002
Government grants	912,795	230,860	-	889,212	2,032,867
Federal IDEA revenue	<u>154,501</u>	<u>39,999</u>	<u>-</u>	<u>93,546</u>	<u>288,046</u>
Total operating revenue	<u>12,764,447</u>	<u>3,994,884</u>	<u>277,676</u>	<u>9,453,908</u>	<u>26,490,915</u>
Operating expenses:					
Program services:					
Regular education	8,554,277	4,550,520	359,996	6,482,609	19,947,402
Special education	<u>4,150,046</u>	<u>2,433,539</u>	<u>-</u>	<u>2,863,050</u>	<u>9,446,635</u>
Total program services	<u>12,704,323</u>	<u>6,984,059</u>	<u>359,996</u>	<u>9,345,659</u>	<u>29,394,037</u>
Supporting services:					
Management and general	1,082,755	395,513	-	814,060	2,292,328
Fundraising	<u>120,994</u>	<u>42,385</u>	<u>-</u>	<u>109,707</u>	<u>273,086</u>
Total supporting services	<u>1,203,749</u>	<u>437,898</u>	<u>-</u>	<u>923,767</u>	<u>2,565,414</u>
Total operating expenses	<u>13,908,072</u>	<u>7,421,957</u>	<u>359,996</u>	<u>10,269,426</u>	<u>31,959,451</u>
Loss from government-funded school operations	<u>(1,143,625)</u>	<u>(3,427,073)</u>	<u>(82,320)</u>	<u>(815,518)</u>	<u>(5,468,536)</u>
Other income:					
Contributions and grants - private	327,312	59,356	-	321,350	708,018
Interest income and realized gains, net	75,077	39,119	-	71,233	185,429
Donated space and rental assistance	<u>1,368,635</u>	<u>1,046,052</u>	<u>-</u>	<u>-</u>	<u>2,414,687</u>
Total other income	<u>1,771,024</u>	<u>1,144,527</u>	<u>-</u>	<u>392,583</u>	<u>3,308,134</u>
Change in net assets	627,399	(2,282,546)	(82,320)	(422,935)	(2,160,402)
Net assets - beginning	<u>3,791,140</u>	<u>(2,635,850)</u>	<u>(305,968)</u>	<u>1,543,728</u>	<u>2,393,050</u>
NET ASSETS - ENDING	<u>\$ 4,418,539</u>	<u>\$ (4,918,396)</u>	<u>\$ (388,288)</u>	<u>\$ 1,120,793</u>	<u>\$ 232,648</u>

See independent auditor's report.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF ACTIVITIES BY CHARTER
FOR THE YEAR ENDED JUNE 30, 2023

	Beginning with Children Charter School 2	Beginning with Children Charter School 2 - High School	Community Partnership Charter School Pre- Kindergarten	Community Partnership Charter School	Total
Operating revenue:					
State and local per pupil operating revenue	\$ 10,374,361	\$ 1,974,584	\$ 196,267	\$ 7,316,898	\$ 19,862,110
Government grants	1,098,270	1,178,057	-	1,189,127	3,465,454
Federal IDEA revenue	<u>112,743</u>	<u>-</u>	<u>-</u>	<u>75,383</u>	<u>188,126</u>
Total operating revenue	<u>11,585,374</u>	<u>3,152,641</u>	<u>196,267</u>	<u>8,581,408</u>	<u>23,515,690</u>
Operating expenses:					
Program services:					
Regular education	8,253,162	4,059,739	377,710	6,290,502	18,981,113
Special education	<u>3,232,233</u>	<u>1,819,437</u>	<u>-</u>	<u>2,790,056</u>	<u>7,841,726</u>
Total program services	<u>11,485,395</u>	<u>5,879,176</u>	<u>377,710</u>	<u>9,080,558</u>	<u>26,822,839</u>
Supporting services:					
Management and general	938,115	310,829	-	729,413	1,978,357
Fundraising	<u>116,487</u>	<u>23,297</u>	<u>-</u>	<u>116,487</u>	<u>256,271</u>
Total supporting services	<u>1,054,602</u>	<u>334,126</u>	<u>-</u>	<u>845,900</u>	<u>2,234,628</u>
Total operating expenses	<u>12,539,997</u>	<u>6,213,302</u>	<u>377,710</u>	<u>9,926,458</u>	<u>29,057,467</u>
Loss from government-funded school operations	<u>(954,623)</u>	<u>(3,060,661)</u>	<u>(181,443)</u>	<u>(1,345,050)</u>	<u>(5,541,777)</u>
Other income:					
Contributions and grants - private	283,289	382,405	-	264,289	929,983
Interest income and realized gains, net	15,666	3,570	-	18,947	38,183
Donated space and rental assistance	<u>1,479,011</u>	<u>317,243</u>	<u>-</u>	<u>-</u>	<u>1,796,254</u>
Other income, net	<u>1,777,966</u>	<u>703,218</u>	<u>-</u>	<u>283,236</u>	<u>2,764,420</u>
Change in net assets	823,343	(2,357,443)	(181,443)	(1,061,814)	(2,777,357)
Net assets - beginning	<u>2,967,797</u>	<u>(278,407)</u>	<u>(124,525)</u>	<u>2,605,542</u>	<u>5,170,407</u>
NET ASSETS - ENDING	<u>\$ 3,791,140</u>	<u>\$ (2,635,850)</u>	<u>\$ (305,968)</u>	<u>\$ 1,543,728</u>	<u>\$ 2,393,050</u>

See independent auditor's report.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER
COMMUNITY PARTNERSHIP CHARTER SCHOOL PRE-KINDERGARTEN
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Instructional personnel	\$ 279,796	\$ -	\$ 279,796	\$ -	\$ -	\$ -	\$ 279,796
Fringe benefits and payroll taxes	68,210	-	68,210	-	-	-	68,210
Retirement	7,665	-	7,665	-	-	-	7,665
Supplies and materials	3,940	-	3,940	-	-	-	3,940
Student services	<u>385</u>	<u>-</u>	<u>385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385</u>
TOTAL	<u>\$ 359,996</u>	<u>\$ -</u>	<u>\$ 359,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 359,996</u>

See independent auditor's report.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER
BEGINNING WITH CHILDREN CHARTER SCHOOL 2
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services			Supporting Services			Total
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel services:							
Administrative staff personnel	\$ 570,123	\$ 170,802	\$ 740,925	\$ 531,627	\$ -	\$ 531,627	\$ 1,272,552
Instructional personnel	3,518,052	2,463,879	5,981,931	-	-	-	5,981,931
Non-instructional personnel	<u>42,071</u>	<u>15,573</u>	<u>57,644</u>	<u>96,565</u>	<u>-</u>	<u>96,565</u>	<u>154,209</u>
Total personnel services	4,130,246	2,650,254	6,780,500	628,192	-	628,192	7,408,692
Fringe benefits and payroll taxes	989,904	402,532	1,392,436	66,031	-	66,031	1,458,467
Retirement	85,254	38,300	123,554	9,554	-	9,554	133,108
Central service fees	702,458	144,496	846,954	241,987	120,994	362,981	1,209,935
Legal service	-	-	-	3,680	-	3,680	3,680
Accounting and audit services	-	-	-	31,132	-	31,132	31,132
Consulting services	338,473	114,925	453,398	7,324	-	7,324	460,722
Rent and leasing costs	1,041,077	342,230	1,383,307	-	-	-	1,383,307
Repairs and maintenance	206,579	70,148	276,727	-	-	-	276,727
Insurance	72,117	26,539	98,656	13,571	-	13,571	112,227
Utilities	73,274	24,087	97,361	-	-	-	97,361
Supplies and materials	280,450	109,342	389,792	791	-	791	390,583
Equipment and furnishings	7,573	2,759	10,332	-	-	-	10,332
Staff development	47,598	17,811	65,409	-	-	-	65,409
Marketing and recruitment	103,406	37,156	140,562	-	-	-	140,562
Technology	155,455	54,386	209,841	-	-	-	209,841
Student services	283,269	102,224	385,493	-	-	-	385,493
Office expense	30,442	10,425	40,867	80,170	-	80,170	121,037
Depreciation	787	259	1,046	-	-	-	1,046
Other expense	<u>5,915</u>	<u>2,173</u>	<u>8,088</u>	<u>323</u>	<u>-</u>	<u>323</u>	<u>8,411</u>
TOTAL	<u>\$ 8,554,277</u>	<u>\$ 4,150,046</u>	<u>\$ 12,704,323</u>	<u>\$ 1,082,755</u>	<u>\$ 120,994</u>	<u>\$ 1,203,749</u>	<u>\$ 13,908,072</u>

See independent auditor's report.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER
BEGINNING WITH CHILDREN CHARTER SCHOOL 2 - HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	\$ 222,898	\$ 80,200	\$ 303,098	\$ 160,303	\$ -	\$ 160,303	\$ 463,401
Instructional personnel	613,799	1,075,319	1,689,118	-	-	-	1,689,118
Non-instructional personnel	<u>14,340</u>	<u>5,160</u>	<u>19,500</u>	<u>74,961</u>	<u>-</u>	<u>74,961</u>	<u>94,461</u>
Total personnel services	851,037	1,160,679	2,011,716	235,264	-	235,264	2,246,980
Fringe benefits and payroll taxes	299,536	107,774	407,310	14,812	-	14,812	422,122
Retirement	30,392	7,344	37,736	6,154	-	6,154	43,890
Central service fees	266,297	30,396	296,693	84,769	42,385	127,154	423,847
Legal service	-	-	-	9,152	-	9,152	9,152
Accounting and audit services	-	-	-	10,710	-	10,710	10,710
Consulting services	202,812	74,052	276,864	3,662	-	3,662	280,526
Rent and leasing costs	2,159,740	777,084	2,936,824	-	-	-	2,936,824
Repairs and maintenance	119,230	42,900	162,130	-	-	-	162,130
Insurance	24,789	8,919	33,708	5,459	-	5,459	39,167
Utilities	87,682	31,549	119,231	-	-	-	119,231
Supplies and materials	123,905	58,550	182,455	-	-	-	182,455
Equipment and furnishings	6,407	2,305	8,712	-	-	-	8,712
Staff development	13,192	4,746	17,938	-	-	-	17,938
Marketing and recruitment	23,549	8,473	32,022	-	-	-	32,022
Technology	175,073	62,992	238,065	-	-	-	238,065
Food service	67,384	24,245	91,629	-	-	-	91,629
Student services	68,090	20,231	88,321	-	-	-	88,321
Office expense	12,998	4,677	17,675	15,645	-	15,645	33,320
Depreciation	16,580	5,966	22,546	9,727	-	9,727	32,273
Other expense	<u>1,827</u>	<u>657</u>	<u>2,484</u>	<u>159</u>	<u>-</u>	<u>159</u>	<u>2,643</u>
TOTAL	<u>\$ 4,550,520</u>	<u>\$ 2,433,539</u>	<u>\$ 6,984,059</u>	<u>\$ 395,513</u>	<u>\$ 42,385</u>	<u>\$ 437,898</u>	<u>\$ 7,421,957</u>

See independent auditor's report.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER
COMMUNITY PARTNERSHIP CHARTER SCHOOL
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services			Supporting Services			Total
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel services:							
Administrative staff personnel	\$ 415,128	\$ 98,301	\$ 513,429	\$ 417,570	\$ -	\$ 417,570	\$ 930,999
Instructional personnel	3,484,245	2,009,354	5,493,599	-	-	-	5,493,599
Non-instructional personnel	<u>74,329</u>	<u>20,497</u>	<u>94,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,826</u>
Total personnel services	3,973,702	2,128,152	6,101,854	417,570	-	417,570	6,519,424
Fringe benefits and payroll taxes	926,631	329,498	1,256,129	64,758	-	64,758	1,320,887
Retirement	89,191	21,768	110,959	12,510	-	12,510	123,469
Central service fees	617,219	150,727	767,946	219,413	109,707	329,120	1,097,066
Legal service	-	-	-	10,497	-	10,497	10,497
Accounting and audit services	-	-	-	31,132	-	31,132	31,132
Consulting services	109,766	30,283	140,049	7,350	-	7,350	147,399
Repairs and maintenance	11,527	2,303	13,830	-	-	-	13,830
Insurance	62,081	15,480	77,561	13,479	-	13,479	91,040
Supplies and materials	201,055	58,134	259,189	-	-	-	259,189
Equipment and furnishings	32,438	9,186	41,624	-	-	-	41,624
Staff development	39,427	8,258	47,685	-	-	-	47,685
Marketing and recruitment	58,889	13,786	72,675	-	-	-	72,675
Technology	78,659	19,735	98,394	-	-	-	98,394
Student services	268,977	72,290	341,267	-	-	-	341,267
Office expense	8,417	2,304	10,721	36,957	-	36,957	47,678
Other expense	<u>4,630</u>	<u>1,146</u>	<u>5,776</u>	<u>394</u>	<u>-</u>	<u>394</u>	<u>6,170</u>
TOTAL	\$ <u>6,482,609</u>	\$ <u>2,863,050</u>	\$ <u>9,345,659</u>	\$ <u>814,060</u>	\$ <u>109,707</u>	\$ <u>923,767</u>	\$ <u>10,269,426</u>

See independent auditor's report.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER
COMMUNITY PARTNERSHIP CHARTER SCHOOL PRE-KINDERGARTEN
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services			Total
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel services:							
Instructional personnel	\$ 275,792	\$ -	\$ 275,792	\$ -	\$ -	\$ -	\$ 275,792
Fringe benefits and payroll taxes	55,216	-	55,216	-	-	-	55,216
Retirement	5,890	-	5,890	-	-	-	5,890
Supplies and materials	40,413	-	40,413	-	-	-	40,413
Student services	<u>399</u>	<u>-</u>	<u>399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>399</u>
TOTAL	<u>\$ 377,710</u>	<u>\$ -</u>	<u>\$ 377,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 377,710</u>

See independent auditor's report.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER
BEGINNING WITH CHILDREN CHARTER SCHOOL 2
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	\$ 514,030	\$ 166,055	\$ 680,085	\$ 414,149	\$ -	\$ 414,149	\$ 1,094,234
Instructional personnel	3,566,488	1,671,750	5,238,238	-	-	-	5,238,238
Non-instructional personnel	<u>50,186</u>	<u>15,630</u>	<u>65,816</u>	<u>125,701</u>	<u>-</u>	<u>125,701</u>	<u>191,517</u>
Total personnel services	4,130,704	1,853,435	5,984,139	539,850	-	539,850	6,523,989
Fringe benefits and payroll taxes	941,274	318,638	1,259,912	25,648	-	25,648	1,285,560
Retirement	76,138	23,805	99,943	5,351	-	5,351	105,294
Central service fees	621,665	193,740	815,405	232,972	116,487	349,459	1,164,864
Legal service	-	-	-	3,111	-	3,111	3,111
Accounting and audit services	-	-	-	33,950	-	33,950	33,950
Consulting services	326,767	112,319	439,086	7,546	-	7,546	446,632
Rent and leasing costs	1,025,307	358,000	1,383,307	-	-	-	1,383,307
Repairs and maintenance	99,752	33,183	132,935	-	-	-	132,935
Insurance	63,455	19,888	83,343	13,143	-	13,143	96,486
Utilities	72,185	25,205	97,390	-	-	-	97,390
Supplies and materials	320,511	113,181	433,692	800	-	800	434,492
Equipment and furnishings	14,537	4,624	19,161	-	-	-	19,161
Staff development	45,402	14,212	59,614	-	-	-	59,614
Marketing and recruitment	105,883	33,677	139,560	-	-	-	139,560
Technology	72,422	23,382	95,804	-	-	-	95,804
Student services	292,609	89,738	382,347	-	-	-	382,347
Office expense	41,703	14,212	55,915	75,189	-	75,189	131,104
Depreciation	2,848	994	3,842	-	-	-	3,842
Other expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>555</u>	<u>-</u>	<u>555</u>	<u>555</u>
TOTAL	\$ <u>8,253,162</u>	\$ <u>3,232,233</u>	\$ <u>11,485,395</u>	\$ <u>938,115</u>	\$ <u>116,487</u>	\$ <u>1,054,602</u>	\$ <u>12,539,997</u>

See independent auditor's report.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER
BEGINNING WITH CHILDREN CHARTER SCHOOL 2 - HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	\$ 198,715	\$ 83,390	\$ 282,105	\$ 107,491	\$ -	\$ 107,491	\$ 389,596
Instructional personnel	414,617	318,389	733,006	-	-	-	733,006
Non-instructional personnel	<u>1,796</u>	<u>753</u>	<u>2,549</u>	<u>58,527</u>	<u>-</u>	<u>58,527</u>	<u>61,076</u>
Total personnel services	615,128	402,532	1,017,660	166,018	-	166,018	1,183,678
Fringe benefits and payroll taxes	197,619	82,931	280,550	10,189	-	10,189	290,739
Retirement	17,500	7,344	24,844				24,844
Central service fees	129,124	33,957	163,081	46,595	23,297	69,892	232,973
Legal service	-	-	-	4,443	-	4,443	4,443
Accounting and audit services	-	-	-	420	-	420	420
Consulting services	137,621	57,752	195,373	12,786	-	12,786	208,159
Rent and leasing costs	1,888,349	792,444	2,680,793	-	-	-	2,680,793
Repairs and maintenance	33,442	14,034	47,476	30,400	-	30,400	77,876
Insurance	12,450	5,225	17,675	2,710	-	2,710	20,385
Utilities	32,843	13,782	46,625	-	-	-	46,625
Supplies and materials	510,261	214,130	724,391	-	-	-	724,391
Equipment and furnishings	4,321	1,814	6,135	-	-	-	6,135
Staff development	8,677	3,642	12,319	-	-	-	12,319
Marketing and recruitment	56,006	23,503	79,509	-	-	-	79,509
Technology	253,119	106,221	359,340	-	-	-	359,340
Food service	71,990	21,817	93,807	-	-	-	93,807
Student services	71,709	30,092	101,801	-	-	-	101,801
Office expense	10,343	4,341	14,684	32,404	-	32,404	47,088
Depreciation and amortization	7,941	3,332	11,273	4,864	-	4,864	16,137
Other expense	<u>1,296</u>	<u>544</u>	<u>1,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,840</u>
TOTAL	<u>\$ 4,059,739</u>	<u>\$ 1,819,437</u>	<u>\$ 5,879,176</u>	<u>\$ 310,829</u>	<u>\$ 23,297</u>	<u>\$ 334,126</u>	<u>\$ 6,213,302</u>

See independent auditor's report.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES BY CHARTER
COMMUNITY PARTNERSHIP CHARTER SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	\$ 364,630	\$ 78,024	\$ 442,654	\$ 367,315	\$ -	\$ 367,315	\$ 809,969
Instructional personnel	3,119,078	1,977,765	5,096,843	-	-	-	5,096,843
Non-instructional personnel	<u>64,608</u>	<u>15,545</u>	<u>80,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,153</u>
Total personnel services	3,548,316	2,071,334	5,619,650	367,315	-	367,315	5,986,965
Fringe benefits and payroll taxes	904,197	305,578	1,209,775	23,184	-	23,184	1,232,959
Retirement	78,832	18,511	97,343	9,639	-	9,639	106,982
Central service fees	670,263	145,142	815,405	232,972	116,487	349,459	1,164,864
Legal service	-	-	-	8,551	-	8,551	8,551
Accounting and audit services	-	-	-	34,140	-	34,140	34,140
Consulting services	210,290	48,681	258,971	7,054	-	7,054	266,025
Repairs and maintenance	452	74	526	-	-	-	526
Insurance	59,367	13,193	72,560	11,245	-	11,245	83,805
Supplies and materials	255,134	61,667	316,801	800	-	800	317,601
Equipment and furnishings	33,906	9,579	43,485	-	-	-	43,485
Staff development	80,679	14,687	95,366	-	-	-	95,366
Marketing and recruitment	107,884	21,376	129,260	-	-	-	129,260
Technology	90,351	23,428	113,779	-	-	-	113,779
Student services	236,107	53,354	289,461	-	-	-	289,461
Office expense	14,593	3,407	18,000	33,961	-	33,961	51,961
Depreciation and amortization	131	45	176	-	-	-	176
Other expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>552</u>	<u>-</u>	<u>552</u>	<u>552</u>
TOTAL	<u>\$ 6,290,502</u>	<u>\$ 2,790,056</u>	<u>\$ 9,080,558</u>	<u>\$ 729,413</u>	<u>\$ 116,487</u>	<u>\$ 845,900</u>	<u>\$ 9,926,458</u>

See independent auditor's report.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-through to Subrecipients	Total Federal Expenditures
<u>United States Department of Education:</u>				
Passed through New York State Education Department				
Title I Grants to Local Educational Agencies:				
Title I, Part A: Approving Academic Achievement (Beginning with Children Charter School II)	84.010	0021-24-4930	\$ -	\$ 388,148
Title I, Part A: Approving Academic Achievement (Community Partnership Charter School)	84.010	0021-24-4135	<u>-</u>	<u>168,158</u>
Total Title I Grants to Local Educational Agencies			<u>-</u>	<u>556,306</u>
Supporting Effective Instruction State Grants:				
Title II, Part A: Teachers/Principals/Training/Recruitment (Beginning with Children Charter School II)	84.367	0147-24-4930	-	44,530
Title II, Part A: Teachers/Principals/Training/Recruitment (Community Partnership Charter School)	84.367	0147-24-4135	<u>-</u>	<u>21,083</u>
Total Supporting Effective Instruction State Grants			<u>-</u>	<u>65,613</u>
Student Support and Academic Enrichment Program:				
Title IV, Part A: SSAE Allocation (Beginning with Children Charter School II)	84.424	0204-24-4930	-	20,369
Title IV, Part A: SSAE Allocation (Community Partnership Charter School)	84.424	0204-24-4135	<u>-</u>	<u>13,392</u>
Total Student Support and Academic Enrichment Program			<u>-</u>	<u>33,761</u>
Special Education Cluster (IDEA):				
Special Education Grants to States:				
Special Education - Grants to States IDEA, Part B (Beginning with Children Charter School II)	84.027	N/A	-	194,500
Special Education - Grants to States IDEA, Part B (Community Partnership Charter School)	84.027	N/A	<u>-</u>	<u>93,546</u>
Total Special Education Cluster (IDEA)			<u>-</u>	<u>288,046</u>

See accompanying notes to schedule of expenditures of federal awards.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-through to Subrecipients	Total Federal Expenditures
<u>United States Department of Education:</u>				
Education Stabilization Fund:				
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - (Beginning with Children Charter School II) - COVID-19	84.425U	5880-21-4930	\$ -	\$ 442,643
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - (Community Partnership Charter School) - COVID-19	84.425U	5880-21-4125	<u>-</u>	<u>391,199</u>
Total American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund			<u>-</u>	<u>833,842</u>
American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth - (Beginning with Children Charter School II) - COVID-19	84.425W	5218-21-4930	-	4,501
American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth - (Community Partnership Charter School) - COVID-19	84.425W	5218-21-4135	<u>-</u>	<u>4,014</u>
Total American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth			<u>-</u>	<u>8,515</u>
Total Education Stabilization Fund			<u>-</u>	<u>842,357</u>
Charter Schools:				
Charter Schools Program - (Beginning with Children Charter School II)	84.282	0089-23-9004	<u>-</u>	<u>198,388</u>
Total United States Department of Education			<u>-</u>	<u>1,984,471</u>
<u>Federal Communications Commission:</u>				
Direct Awards:				
Universal Service Fund - Schools and Libraries:				
Universal Service Fund - Schools and Libraries: E-rate (Beginning with Children Charter School II)	32.004	N/A	-	30,411
Universal Service Fund - Schools and Libraries: E-rate (Community Partnership Charter School)	32.004	N/A	<u>-</u>	<u>3,777</u>
Total Universal Service Fund - Schools and Libraries			<u>-</u>	<u>34,188</u>

See accompanying notes to schedule of expenditures of federal awards.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-through to Subrecipients	Total Federal Expenditures
<u>Federal Communications Commission:</u>				
Emergency Connectivity Fund Program:				
Emergency Connectivity Fund (Beginning with Children Charter School II)	32.009	N/A	\$ -	\$ 14,666
Emergency Connectivity Fund (Community Partnership Charter School)	32.009	N/A	<u>-</u>	<u>13,538</u>
Total Emergency Connectivity Fund Program			<u>-</u>	<u>28,204</u>
Total Federal Communications Commission			<u>-</u>	<u>62,392</u>
Total expenditures of federal awards			<u><u>\$ -</u></u>	<u><u>\$ 2,046,863</u></u>

See accompanying notes to schedule of expenditures of federal awards.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Community Partnership Charter School Education Corporation ("CPCSEC") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Community Partnership Charter School Education Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Partnership Charter School Education Corporation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

CPCSEC has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

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

To the Board of Trustees
Community Partnership Charter School Education Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Partnership Charter School Education Corporation ("CPCSEC") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2024.

Report on Internal Control over Financial Reporting

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

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

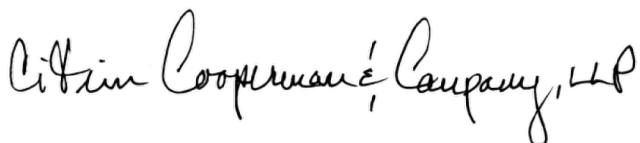
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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



New York, New York
October 29, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Board of Trustees
Community Partnership Charter School Education Corporation

Report on Compliance for the Major Federal Program

Opinion on the Major Program

We have audited Community Partnership Charter School Education Corporation ("CPCSEC") (a nonprofit organization) compliance with types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on CPCSEC's major federal program for the year ended June 30, 2024. CPCSEC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, CPCSEC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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Report on Internal Control over Compliance (Continued)

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

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

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



New York, New York
October 29, 2024

**COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes X No

Reportable conditions identified not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness identified? Yes X No

Reportable conditions identified not considered to be material weaknesses? Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? Yes X No

Identification of major federal programs:

<u>Federal Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund:
84.425U	American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund
84.425W	American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth

Dollar threshold to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial statement audit - reported findings under *Government Auditing Standards*:

None

Section III - Federal awards findings and questioned costs:

None