

**COMMUNITY PARTNERSHIP
CHARTER SCHOOL EDUCATION
CORPORATION**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015**

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Community Partnership Charter School Education Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Community Partnership Charter School Education Corporation ("CPCSEC") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Partnership Charter School Education Corporation as of June 30, 2015, and the change 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.

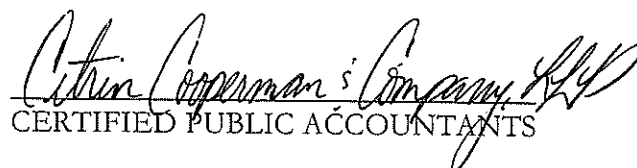
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of CPCSEC'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 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 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 CPCSEC's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on October 1, 2014, Beginning with Children Charter School 2 and Community Partnership Charter School merged. The surviving education corporation has been renamed Community Partnership Charter School Education Corporation and the third provisional charter granted in 2012 to Community Partnership Charter School was renewed as part of this merger expiring on July 31, 2017. Our opinion is not modified with respect to that matter.

New York, New York
October 30, 2015


CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

Cash and cash equivalent	\$ 1,490,937
Investments	3,160,032
Grants receivable	414,772
Accounts and interest receivable	2,336
Prepaid expenses and other current assets	28,141
Property and equipment, net of accumulated depreciation of \$336,950	<u>117,116</u>
TOTAL ASSETS	<u>\$ 5,213,334</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 724,410
Due to NYC Department of Education	18,131
Due to Beginning with Children Foundation, net	<u>230,853</u>
Total liabilities	<u>973,394</u>
Contingencies (Note 7)	
Net assets:	
Board-designated for facility and personnel costs	1,200,000
Undesignated	<u>3,039,940</u>
Total net assets	<u>4,239,940</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,213,334</u>

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Operating revenue:	
State and local per pupil operating revenue	\$ 8,159,182
Government grants	<u>737,608</u>
Total operating revenue	<u>8,896,790</u>
Operating expenses:	
Program services:	
Regular education	5,678,911
Special education	<u>2,620,372</u>
Total program services	<u>8,299,283</u>
Supporting services:	
Management and general	864,081
Fundraising	<u>109,933</u>
Total supporting services	<u>974,014</u>
Total operating expenses	<u>9,273,297</u>
Deficit on government-funded school operations	<u>(376,507)</u>
Other revenue:	
Contributions and grants - private	17,373
Investment earnings	40,462
Other income	<u>2,600</u>
Total other revenue	<u>60,435</u>
Change in net assets	(316,072)
Net assets - beginning	<u>4,556,012</u>
NET ASSETS - ENDING	<u><u>\$ 4,239,940</u></u>

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	\$ 324,874	\$ 48,545	\$ 373,419	\$ 298,889	\$ -	\$ 298,889	\$ 672,308
Instructional personnel	3,054,503	1,894,184	4,948,687	-	-	-	4,948,687
Non-instructional personnel	<u>30,487</u>	<u>4,556</u>	<u>35,043</u>	<u>146,317</u>	<u>-</u>	<u>146,317</u>	<u>181,360</u>
Total personnel services	3,409,864	1,947,285	5,357,149	445,206	-	445,206	5,802,355
Fringe benefits and payroll taxes	683,491	400,667	1,084,158	94,273	-	94,273	1,178,431
Retirement	52,475	30,761	83,236	7,238	-	7,238	90,474
Central service fee	669,492	100,039	769,531	219,865	109,933	329,798	1,099,329
Legal service	-	-	-	5,325	-	5,325	5,325
Accounting and audit services	-	-	-	29,599	-	29,599	29,599
Consulting services	127,572	28,543	156,115	10,785	-	10,785	166,900
Repairs and maintenance	4,738	708	5,446	833	-	833	6,279
Insurance	42,865	6,405	49,270	7,264	-	7,264	56,534
Supplies and materials	171,356	28,703	200,059	-	-	-	200,059
Equipment and furnishings	20,470	3,059	23,529	-	-	-	23,529
Staff development	191,381	28,597	219,978	-	-	-	219,978
Marketing and recruitment	75,058	11,216	86,274	-	-	-	86,274
Technology	33,096	4,945	38,041	5,337	-	5,337	43,378
Food service	14,392	2,151	16,543	-	-	-	16,543
Student services	97,736	14,604	112,340	-	-	-	112,340
Office expense	35,552	5,311	40,863	34,518	-	34,518	75,381
Depreciation	<u>49,373</u>	<u>7,378</u>	<u>56,751</u>	<u>3,838</u>	<u>-</u>	<u>3,838</u>	<u>60,589</u>
TOTAL	<u>\$ 5,678,911</u>	<u>\$ 2,620,372</u>	<u>\$ 8,299,283</u>	<u>\$ 864,081</u>	<u>\$ 109,933</u>	<u>\$ 974,014</u>	<u>\$ 9,273,297</u>

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

Operating activities:	
Change in net assets	\$ (316,072)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Unrealized gain on investments	(7,744)
Depreciation	60,589
Changes in assets and liabilities:	
Grants receivable	(131,014)
Accounts and interest receivable	2,630
Accounts payable and accrued expenses	(64,119)
Due to Beginning with Children Foundation	228,052
Due to/from NYC Department of Education, net	(234,078)
Prepaid expenses and other current assets	<u>34,068</u>
Net cash used in operating activities	<u>(427,688)</u>
Investing activities:	
Purchase of property and equipment	(24,153)
Proceeds from sale of investments	875,000
Purchase of investments	<u>(675,000)</u>
Net cash provided by investing activities	<u>175,847</u>
Net decrease in cash and cash equivalent	(251,841)
Cash and cash equivalent - beginning	<u>1,742,778</u>
CASH AND CASH EQUIVALENT - ENDING	<u>\$ 1,490,937</u>

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 granted a fourth provisional charter to CPCS for the merger of BwCCS2 and CPCS to form CPCSEC expiring on July 31, 2017.

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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement

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 ("GAAP") and is presented in accordance with accounting requirements for not-for-profit organizations. These requirements provide that all not-for-profit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows, and that net assets be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor stipulations regarding their use.

Use of Estimates

The preparation of financial statements in conformity with 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

CPCSEC maintains cash in deposit accounts which, at times, may exceed federally insured limits. CPCSEC has not experienced any losses in these accounts. CPCSEC considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The financial statements of CPCSEC reflects contributions received from the public and other organizations. Contributions are recognized in the statement of activities as revenue in the period in which they are received or unconditionally promised. CPCSEC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as "Net assets released from restriction." Amounts received with donor stipulations that limit their use to certain purposes are reported as unrestricted support if the stipulated purpose restriction is accomplished in the same year.

Grants and Refundable Advances

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 amounts due to NYCDOE. Revenue from federal, state and local government cost reimbursement grants and contracts is recognized as revenue when qualifying expenditures are incurred. Amounts received in excess of expenditures incurred are recognized as refundable advances.

Grants Receivable

Grants receivable is stated at the amount management expects to collect. Management evaluates such receivables and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current credit conditions. At June 30, 2015, management determined that no allowance was required.

Contributed Services

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 special 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 financial statements inasmuch as those services would not typically be purchased had they not been provided by donation.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 8 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Net appreciation (depreciation) includes the CPCSEC's gains and losses on investments bought and sold, as well as held, during the year.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

One financial institution held 100% of CPCSEC's investments at June 30, 2015. These certificates of deposit are Securities Investor Protection Corporation insured.

Property and Equipment

CPCSEC capitalizes all purchases of property and equipment in excess of \$1,000 and with a useful life of greater than one year. Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Net Assets

Unrestricted net assets are net assets that are not restricted by donors or for which donor-imposed restrictions have expired. Board designated net assets were established by the board of trustees to provide a fiscally prudent reserve for unforeseen facility, personnel and other issues. Temporarily restricted net assets are restricted by donors for a specific purpose or for a specified time period beyond the current fiscal year. At June 30, 2015, CPCSEC had no temporarily or permanently restricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Certain costs have been allocated among program and supporting services.

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 "Code"), and from state income taxes. As a not-for-profit entity, CPCSEC is subject to unrelated business income tax ("UBIT"), if applicable.

CPCSEC recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("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. Generally, CPCSEC is no longer subject to income tax examinations by U.S. federal or state taxing authorities for years before 2011.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under this standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CPCSEC has the ability to access.

Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CPCSEC assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in the circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. There were no transfers among Levels 1, 2 and 3 during fiscal year 2015.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, CPCSEC has evaluated subsequent events through October 30, 2015, the date on which 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. RELATED-PARTY TRANSACTIONS

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

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3. RELATED-PARTY TRANSACTIONS (CONTINUED)

As an educational manager to charter schools for the fiscal year ended June 30, 2015, the Foundation entered into an amended Memorandum of Understanding ("MOU") agreement with CPCSEC. Pursuant to the terms of the MOU agreement, CPCSEC agreed to pay service fees to the Foundation in the amount of \$1,099,329 for the fiscal year ended June 30, 2015. 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, 2015, \$230,853 was due to the Foundation.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2015:

		<u>Estimated Useful Life</u>
Computer equipment	\$ 301,395	3 years
Furniture and fixtures	133,478	5 - 7 years
Leasehold improvements	<u>19,193</u>	5 years
	454,066	
Less: accumulated depreciation	<u>(336,950)</u>	
Property and equipment, net	<u>\$ 117,116</u>	

Depreciation expense was \$60,589 for the year ended June 30, 2015.

NOTE 5. SCHOOL FACILITIES

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.

NOTE 6. EMPLOYEE BENEFIT PLAN

CPCSEC maintains a defined contribution plan under Section 401(k) of the Code 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 \$90,474 for the year ended June 30, 2015.

NOTE 7. CONTINGENCIES

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 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.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the table below. The valuation techniques are as follows:

- (a) *Market approach.* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach.* Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach.* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

The following table summarizes CPCSEC's assets measured at fair value on a recurring basis, categorized by GAAP's valuation hierarchy as of June 30, 2015.

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total	Valuation Technique
June 30, 2015:					
Money market fund (included in cash and cash equivalent)	\$ 281,493	\$ -	\$ -	\$ 281,493	(a)
Certificates of deposit (included in investments)	<u>-</u>	<u>3,160,032</u>	<u>-</u>	<u>3,160,032</u>	(b)
Total	<u>\$ 281,493</u>	<u>\$ 3,160,032</u>	<u>\$ -</u>	<u>\$ 3,441,525</u>	

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2015:

The money market fund is valued at cost plus accrued interest, which approximates fair value.

The certificates of deposits are stated at amortized cost, which approximates fair value.

SUPPLEMENTARY INFORMATION

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
COMBINING STATEMENT OF ACTIVITIES BY SCHOOL LOCATION
FOR THE YEAR ENDED JUNE 30, 2015

	October 1, 2014 - June 30, 2015	July 1, 2014 - June 30, 2015		
	Beginning with Children Charter School 2	Community Partnership Charter School - Lower School	Community Partnership Charter School - Middle School	Total
Operating revenue:				
State and local per pupil operating revenue	\$ 2,246,820	\$ 3,331,228	\$ 2,581,134	\$ 8,159,182
Government grants	<u>94,551</u>	<u>400,506</u>	<u>242,551</u>	<u>737,608</u>
Total operating revenue	<u>2,341,371</u>	<u>3,731,734</u>	<u>2,823,685</u>	<u>8,896,790</u>
Operating expenses:				
Program services:				
Regular education	1,325,731	2,678,864	1,674,316	5,678,911
Special education	<u>611,737</u>	<u>1,236,082</u>	<u>772,553</u>	<u>2,620,372</u>
Total program services	<u>1,937,468</u>	<u>3,914,946</u>	<u>2,446,869</u>	<u>8,299,283</u>
Supporting services:				
Management and general	201,783	407,585	254,713	864,081
Fundraising	<u>25,654</u>	<u>51,837</u>	<u>32,442</u>	<u>109,933</u>
Total supporting services	<u>227,437</u>	<u>459,422</u>	<u>287,155</u>	<u>974,014</u>
Total operating expenses	<u>2,164,905</u>	<u>4,374,368</u>	<u>2,734,024</u>	<u>9,273,297</u>
Surplus (deficit) on government-funded school operations	<u>176,466</u>	<u>(642,634)</u>	<u>89,661</u>	<u>(376,507)</u>
Other revenue:				
Contributions and grants - private	6,298	5,181	5,894	17,373
Investment earnings	14,019	12,282	14,161	40,462
Other income	<u>1,123</u>	<u>728</u>	<u>749</u>	<u>2,600</u>
Total other revenue	<u>21,440</u>	<u>18,191</u>	<u>20,804</u>	<u>60,435</u>
CHANGE IN NET ASSETS	<u>\$ 197,906</u>	<u>\$ (624,443)</u>	<u>\$ 110,465</u>	<u>\$ (316,072)</u>

See accompanying notes to financial statements.



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**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 the 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, 2015, 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 30, 2015.

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) to determine the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CPCSEC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 CPCSEC'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.


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
October 30, 2015