

**COMMUNITY PARTNERSHIP CHARTER SCHOOL
EDUCATION CORPORATION**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022

**COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Community Partnership Charter School Education Corporation

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Partnership Charter School Education Corporation (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, 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, 2023 and 2022, 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 opinion.

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Codification Topic 842, *Leases*, as of July 1, 2022. Our opinion is not modified with respect to this matter.

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.

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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 and related entities 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.

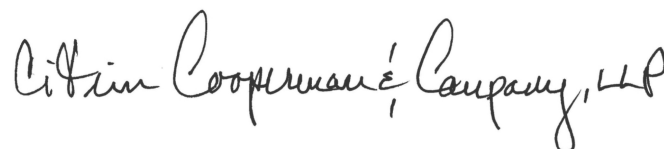
Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information contained in the schedules on pages 19 - 28 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 audits 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 - 28 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 schedule of expenditures of federal awards is 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 November 1, 2023, 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.



Melville, New York
November 1, 2023

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 641,261	\$ 2,357,036
Investments, at fair value	2,761,282	2,111,332
Grants receivable	2,646,721	1,449,164
Accounts, interest and other receivables	33,678	11,391
Prepaid expenses	51,383	135,215
Other assets	255,945	250,000
Due from Beginning with Children Foundation	-	41,031
Property and equipment, net	146,277	5,064
Restricted cash	150,000	150,000
Operating lease right-of-use assets	<u>53,843,171</u>	<u>-</u>
TOTAL ASSETS	\$ <u>60,529,718</u>	\$ <u>6,510,233</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,590,129	\$ 1,320,422
Due to NYC Department of Education	42,491	19,404
Operating lease liabilities	56,028,612	-
Due to Beginning with Children Foundation	<u>475,436</u>	<u>-</u>
Total liabilities	<u>58,136,668</u>	<u>1,339,826</u>
Commitments and contingencies (Notes 4, 5, 7, 8, 9 and 12)		
Net assets without donor restrictions:		
Board-designated for facility and personnel costs	1,200,000	1,200,000
Undesignated	<u>1,189,470</u>	<u>3,917,089</u>
Total net assets without donor restrictions	2,389,470	5,117,089
Net assets with donor restrictions	<u>3,580</u>	<u>53,318</u>
Total net assets	<u>2,393,050</u>	<u>5,170,407</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>60,529,718</u>	\$ <u>6,510,233</u>

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:						
State and local per pupil operating revenue	\$ 19,862,110	\$ -	\$ 19,862,110	\$ 16,662,625	\$ -	\$ 16,662,625
Government grants	3,465,454	-	3,465,454	2,177,528	-	2,177,528
Federal IDEA revenue	<u>188,126</u>	<u>-</u>	<u>188,126</u>	<u>166,484</u>	<u>-</u>	<u>166,484</u>
Total operating revenue	<u>23,515,690</u>	<u>-</u>	<u>23,515,690</u>	<u>19,006,637</u>	<u>-</u>	<u>19,006,637</u>
Operating expenses:						
Program services:						
Regular education	18,981,113	-	18,981,113	13,820,610	-	13,820,610
Special education	<u>7,841,726</u>	<u>-</u>	<u>7,841,726</u>	<u>5,117,898</u>	<u>-</u>	<u>5,117,898</u>
Total program services	<u>26,822,839</u>	<u>-</u>	<u>26,822,839</u>	<u>18,938,508</u>	<u>-</u>	<u>18,938,508</u>
Supporting services:						
Management and general	1,978,357	-	1,978,357	1,441,925	-	1,441,925
Fundraising	<u>256,271</u>	<u>-</u>	<u>256,271</u>	<u>190,680</u>	<u>-</u>	<u>190,680</u>
Total supporting services	<u>2,234,628</u>	<u>-</u>	<u>2,234,628</u>	<u>1,632,605</u>	<u>-</u>	<u>1,632,605</u>
Total operating expenses	<u>29,057,467</u>	<u>-</u>	<u>29,057,467</u>	<u>20,571,113</u>	<u>-</u>	<u>20,571,113</u>
Revenue (deficit) from government-funded school operations	<u>(5,541,777)</u>	<u>-</u>	<u>(5,541,777)</u>	<u>(1,564,476)</u>	<u>-</u>	<u>(1,564,476)</u>
Other income (expense):						
Contributions and grants - private	929,983	-	929,983	232,370	55,000	287,370
Forgiveness of government loan	-	-	-	2,315,000	-	2,315,000
Investment earnings (losses), net	38,183	-	38,183	(99,255)	-	(99,255)
Donated space and rental assistance	1,796,254	-	1,796,254	1,300,000	-	1,300,000
Net assets released from restrictions	<u>49,738</u>	<u>(49,738)</u>	<u>-</u>	<u>1,682</u>	<u>(1,682)</u>	<u>-</u>
Other income (expense), net	<u>2,814,158</u>	<u>(49,738)</u>	<u>2,764,420</u>	<u>3,749,797</u>	<u>53,318</u>	<u>3,803,115</u>
Change in net assets	(2,727,619)	(49,738)	(2,777,357)	2,185,321	53,318	2,238,639
Net assets - beginning	<u>5,117,089</u>	<u>53,318</u>	<u>5,170,407</u>	<u>2,931,768</u>	<u>-</u>	<u>2,931,768</u>
NET ASSETS - ENDING	<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>

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	72,389	21,817	94,206	-	-	-	94,206
Student services	600,425	173,184	773,609	-	-	-	773,609
Office expense	66,639	21,960	88,599	141,554	-	141,554	230,153
Depreciation	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
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	\$ 768,561	\$ 187,854	\$ 956,415	\$ 597,448	\$ -	\$ 597,448	\$ 1,553,863
Instructional personnel	6,336,835	3,557,593	9,894,428	-	-	-	9,894,428
Non-instructional personnel	<u>161,917</u>	<u>40,329</u>	<u>202,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,246</u>
Total personnel services	7,267,313	3,785,776	11,053,089	597,448	-	597,448	11,650,537
Fringe benefits and payroll taxes	1,812,993	512,667	2,325,660	76,323	-	76,323	2,401,983
Retirement	150,119	35,477	185,596	8,899	-	8,899	194,495
Central service fees	1,276,835	57,923	1,334,758	381,360	190,680	572,040	1,906,798
Legal service	-	-	-	52,753	-	52,753	52,753
Accounting and audit services	-	-	-	67,000	-	67,000	67,000
Consulting services	244,123	34,813	278,936	59,847	-	59,847	338,783
Rent and leasing costs	992,680	307,320	1,300,000	-	-	-	1,300,000
Repairs and maintenance	206,190	58,236	264,426	-	-	-	264,426
Insurance	121,125	20,390	141,515	24,014	-	24,014	165,529
Utilities	71,789	20,051	91,840	-	-	-	91,840
Supplies and materials	414,115	95,460	509,575	99,956	-	99,956	609,531
Equipment and furnishings	49,933	5,374	55,307	-	-	-	55,307
Staff development	69,451	13,311	82,762	-	-	-	82,762
Marketing and recruitment	259,025	33,509	292,534	-	-	-	292,534
Technology	442,545	59,559	502,104	232	-	232	502,336
Student services	377,242	64,770	442,012	-	-	-	442,012
Office expense	53,152	11,051	64,203	69,248	-	69,248	133,451
Depreciation	11,980	2,211	14,191	-	-	-	14,191
Other expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,845</u>	<u>-</u>	<u>4,845</u>	<u>4,845</u>
TOTAL	\$ <u>13,820,610</u>	\$ <u>5,117,898</u>	\$ <u>18,938,508</u>	\$ <u>1,441,925</u>	\$ <u>190,680</u>	\$ <u>1,632,605</u>	\$ <u>20,571,113</u>

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,777,357)	\$ 2,238,639
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized gain on investments	25,050	129,324
Depreciation	20,155	14,191
Bad debt expense	-	3,644
Forgiveness of government loan	-	(2,315,000)
Non-cash lease expense	2,185,441	-
Changes in assets and liabilities:		
Refundable advances	23,087	-
Grants receivable	(1,197,556)	(808,142)
Accounts, interest and other receivables	(22,287)	588
Prepaid expenses	83,832	(111,871)
Other assets	(5,945)	(250,000)
Accounts payable and accrued expenses	269,707	97,791
Due to/from Beginning with Children Foundation	516,466	(168,558)
Due to/from NYC Department of Education	<u>-</u>	<u>(81,492)</u>
Net cash used in operating activities	<u>(879,407)</u>	<u>(1,250,886)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(161,368)	-
Proceeds from sale of investments	225,000	225,000
Purchase of investments	<u>(900,000)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(836,368)</u>	<u>225,000</u>
Net change in cash, cash equivalents and restricted cash	(1,715,775)	(1,025,886)
Cash, cash equivalents and restricted cash - beginning	<u>2,507,036</u>	<u>3,532,922</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - ENDING	\$ <u>791,261</u>	\$ <u>2,507,036</u>
Cash, cash equivalents and restricted cash consist of the following:		
Cash and cash equivalents	\$ 641,261	\$ 2,357,036
Restricted funds	<u>150,000</u>	<u>150,000</u>
Cash, cash equivalents and restricted cash shown in the statements of cash flows	<u>\$ 791,261</u>	<u>\$ 2,507,036</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>\$ 50,948,411</u>	<u>\$ -</u>

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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.

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

Financial Statements 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.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 an original maturity of three months or less to be cash equivalents.

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.

Revenue Recognition

CPCSEC recognizes revenue in accordance with Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("Topic 606"), on July 1, 2020. Revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under Topic 606, CPCSEC recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The majority of CPCSEC's services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation that is satisfied as the services are rendered. CPCSEC determines the transaction price based on contractually agreed-upon rates, adjusted for any variable consideration, if any.

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.

Grants and Contributions

Grants and contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Grants and Contributions (Continued)

A portion of CPCSEC's 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 statement of financial position.

Contributed Services and Space

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.

CPCSEC was the recipient of donated space which was used for the BwCCS2 middle school campus. For the years ended June 30, 2023 and 2022, the value of the donated space amounted to \$336,014 and \$492,421, 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.

Investments

CPCSEC records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. "Investment earnings, net" is reported in the statements of activities and consists of interest and dividend income and unrealized and realized gain/loss, less external and direct internal investment expenses. No investment expenses were incurred during the years ended June 30, 2023 and 2022. See Note 11 for discussion of fair value measurements.

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.

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:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll taxes, fringe benefits	Weighted average/head count
Office rent, utilities, equipment, repairs and maintenance	Weighted average/head count

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Financial Accounting Standards Board ("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.

Leases

CPCSEC has operating lease agreements for certain buildings under terms ranging up to 30 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.

Leases with an initial term of 12 months or less are not recorded on the statements of financial position; CPCSEC recognizes lease expense for these leases on a straight-line basis over the lease term.

Recently Adopted Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Updates ("ASU") No. 2016-02, *Leases* (Topic 842) ("ASC 842"), as amended, which requires the recording of operating lease right-of-use assets and lease liabilities and expanded disclosure for operating and finance leasing arrangements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities. CPCSEC adopted ASC 842 under the modified retrospective method at the beginning of the earliest comparative period presented.

CPCSEC adopted the package of practical expedients available at transition that retained the lease classification under ASC 840 and initial direct costs for any leases that existed prior to adoption of the standard. Contracts entered into prior to adoption were not reassessed for leases or embedded leases. In addition, CPCSEC used hindsight in determining lease term and considerations for impairment. CPCSEC made the accounting policy elections to not recognize short-term leases on the statements of financial position and to utilize the risk-free discount rate when the rate implicit in the lease is not readily determinable.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements (Continued)

In addition, at the date of initial application, CPCSEC recorded operating lease right-of-use assets and aggregate operating lease liabilities in the amount of \$50,948,411.

Contributed Nonfinancial Assets - In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which will increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021, with early adoption permitted. The CPCSEC has determined that the application of ASU 2020-07 did not have a material impact on the financial statements and related disclosures.

Recently Issued but Not Yet Effective Accounting Standard

In June 2016, FASB issued ASU 2016-13, *Financial Instruments - Credit Losses*. This ASU sets forth a current expected credit loss ("CECL") model, which requires the CSPEC to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measure at amortized cost and applies to some off-balance sheet credit exposures.

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 during the years 2023 or 2022.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, CPCSEC has evaluated subsequent events through November 1, 2023, 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. 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, 2023 and 2022, reduced by amounts not available for use for general expenditures within one year.

	<u>2023</u>	<u>2022</u>
Financial assets as of June 30:		
Cash and cash equivalents	\$ 641,261	\$ 2,357,036
Investments	2,761,282	2,111,332
Grants receivable	2,646,721	1,449,164
Accounts, interest and other receivables	<u>33,678</u>	<u>11,391</u>
Total financial assets as of June 30	<u>6,082,942</u>	<u>5,928,923</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>3,580</u>	<u>53,318</u>
Total assets unavailable for general expenditures within one year	<u>1,203,580</u>	<u>1,253,318</u>
Total financial assets as of June 30	<u>\$ 4,879,362</u>	<u>\$ 4,675,605</u>

NOTE 4. GOVERNMENT LOAN PROCEEDS

On May 6, 2020, CPCSEC received loan proceeds of \$2,315,000 under the Paycheck Protection Program ("PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business or organization. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the amount forgiven must be attributable to payroll costs, as defined by the PPP.

CPCSEC applied for PPP loan forgiveness and received approval from the Small Business Administration ("SBA") in August 2021. If it is determined that CPCSEC was not eligible to receive the PPP loan or that CPCSEC has not adequately complied with the rules, regulations, and procedures applicable to the SBA's loan program, CPCSEC could be subject to penalties and could be required to repay amounts previously forgiven. CPCSEC total forgiveness of \$2,315,000 has been recognized as "Forgiveness of governmental loan" in the accompanying statements of activities.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5. 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 co-founder of CPCSEC.

Central Service Fees

As an educational manager to charter schools for the years ended June 30, 2023 and 2022, the Foundation entered into a Memorandum of Understanding ("MOU") agreement with CPCSEC. Pursuant to the terms of the MOU, CPCSEC agreed to pay service fees to the Foundation in the amount of \$2,562,701 and \$1,906,799 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, \$(475,436) and \$41,031, respectively, were due from (to) the Foundation. These amounts were comprised of the remaining cost advances and net of pass-through contributions made directly to the Foundation for CPCSEC.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Life</u>
Computer equipment	\$ 391,829	\$ 391,829	3 years
Furniture and fixtures	294,970	182,238	7 years
Leasehold improvements	<u>85,087</u>	<u>36,451</u>	5 years
	771,886	610,518	
Less: accumulated depreciation and amortization	<u>625,609</u>	<u>605,454</u>	
Property and equipment, net	<u>\$ 146,277</u>	<u>\$ 5,064</u>	

NOTE 7. SCHOOL FACILITIES

Donated Space

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.

School Facility Lease

CPCSEC is obligated under a five-year lease agreement with the Foundation, a related party, commencing July 1, 2016 and expiring 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, commencing July 1, 2021 and expiring June 30, 2026.

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

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7. SCHOOL FACILITIES (CONTINUED)

School Facility Lease (Continued)

Minimum annual rent amounts required under the lease at June 30, 2023, are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2024	\$ 2,483,132
2025	3,133,940
2026	3,832,549
2027	2,493,068
2028	2,542,229
Thereafter	<u>72,274,238</u>
Net minimum lease payments	86,759,156
Less: interest	<u>(30,730,544)</u>
Present value of lease liabilities	<u>\$ 56,028,612</u>

In conjunction with the school facility lease, the Foundation provided donated space amounting to \$336,014 and \$492,421 for the years ended June 30, 2023 and 2022, respectively.

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows used operating leases \$ 1,878,659

Average lease terms and discount rates were as follows:

Weighted-average remaining lease term (in years):

Operating leases 28.06

Weighted-average discount rate (%):

Operating leases 3.09

Rental Assistance

During the years ended June 30, 2023 and 2022, CPCSEC received \$1,460,239 and \$807,579, respectively, of rental assistance reimbursement from the NYCDOE. These amounts were paid to CPCSEC and are recorded as rental income by the Foundation.

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 \$218,172 and \$194,495 for the years ended June 30, 2023 and 2022, respectively.

NOTE 9. 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.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9. CONTINGENCIES (CONTINUED)

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 10. CONCENTRATIONS

Grants Receivable

As of June 30, 2023 and 2022, one grantor accounted for 98% and 97% of CPCSEC's grants receivable balance, respectively.

Accounts, Interest and Other Receivables

For the years ended June 30, 2023 and 2022, one grantor accounted for 35% and 73% of CPCSEC's accounts receivable, interest and other receivables balance, respectively.

Revenue

State and local per pupil operating revenue from the New York State Education Department accounted for 89% of total operating and other revenue for years ended June 30, 2023 and 83% of total operating and other revenue for years ended June 30, 2022.

Investments

One financial institution held 100% of CPCSEC's investments at both June 30, 2023 and 2022. These certificates of deposit are insured by the Securities Investor Protection Corporation.

NOTE 11. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables 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 tables summarize CPCSEC's assets measured at fair value on a recurring basis, categorized by U.S. GAAP's valuation hierarchy as of June 30, 2023 and 2022:

Description	Level 1: Quoted Prices in Active Markets for Identical Assets			Level 2: Significant Other Observable Inputs		Level 3: Significant Unobservable Inputs		Total at June 30, 2023	Valuation Technique
Certificates of deposit (included in investments)	\$	-		\$	2,761,282	\$	-	\$ 2,761,282	(a)

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11. FAIR VALUE MEASUREMENTS (CONTINUED)

Description	Level 1:	Level 2:	Level 3:	Total at	Valuation
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservab le Inputs	June 30, 2022	
Certificates of deposit (included in investments)	\$ <u>-</u>	\$ <u>2,111,332</u>	\$ <u>-</u>	\$ <u>2,111,332</u>	(a)

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2023 and 2022:

The certificates of deposit are stated at quoted market prices.

NOTE 12. 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. At June 30, 2022, net assets with donor restrictions totaling \$53,318 were available to support the Beginning with Children 2.

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. During the year ended June 30, 2022, net assets were released from donor restrictions by incurring expenses satisfying certain donor restrictions in the amount of \$1,682.

SUPPLEMENTARY INFORMATION

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>
Deficit 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 (expense):					
Contributions and grants - private	283,289	382,405	-	264,289	929,983
Investment earnings, 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>
Total other income	<u>1,777,966</u>	<u>703,218</u>	<u>-</u>	<u>283,236</u>	<u>2,764,420</u>
Change in net assets without donor restrictions	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 ACTIVITIES BY CHARTER
FOR THE YEAR ENDED JUNE 30, 2022

	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	\$ 9,201,650	\$ -	\$ 164,548	\$ 7,296,427	\$ 16,662,625
Government grants	1,047,467	-	993	1,129,068	2,177,528
Federal IDEA revenue	<u>92,539</u>	<u>-</u>	<u>-</u>	<u>73,945</u>	<u>166,484</u>
Total operating revenue	<u>10,341,656</u>	<u>-</u>	<u>165,541</u>	<u>8,499,440</u>	<u>19,006,637</u>
Operating expenses:					
Program services:					
Regular education	7,525,015	466,508	197,249	5,631,838	13,820,610
Special education	<u>2,825,463</u>	<u>-</u>	<u>-</u>	<u>2,292,435</u>	<u>5,117,898</u>
Total program services	<u>10,350,478</u>	<u>466,508</u>	<u>197,249</u>	<u>7,924,273</u>	<u>18,938,508</u>
Supporting services:					
Management and general	728,465	61,899	-	651,561	1,441,925
Fundraising	<u>95,340</u>	<u>-</u>	<u>-</u>	<u>95,340</u>	<u>190,680</u>
Total supporting services	<u>823,805</u>	<u>61,899</u>	<u>-</u>	<u>746,901</u>	<u>1,632,605</u>
Total operating expenses	<u>11,174,283</u>	<u>528,407</u>	<u>197,249</u>	<u>8,671,174</u>	<u>20,571,113</u>
Deficit from government-funded school operations	<u>(832,627)</u>	<u>(528,407)</u>	<u>(31,708)</u>	<u>(171,734)</u>	<u>(1,564,476)</u>
Other income (expense):					
Contributions and grants - private	18,685	250,000	-	18,685	287,370
Forgiveness of government loan	1,157,500	-	-	1,157,500	2,315,000
Investment earnings (losses), net	15,037	-	-	(114,292)	(99,255)
Donated space and rental assistance	<u>1,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300,000</u>
Other income, net	<u>2,491,222</u>	<u>250,000</u>	<u>-</u>	<u>1,061,893</u>	<u>3,803,115</u>
Change in net assets	1,658,595	(278,407)	(31,708)	890,159	2,238,639
Net assets - beginning	<u>1,309,202</u>	<u>-</u>	<u>(92,817)</u>	<u>1,715,383</u>	<u>2,931,768</u>
NET ASSETS - ENDING	<u>\$ 2,967,797</u>	<u>\$ (278,407)</u>	<u>\$ (124,525)</u>	<u>\$ 2,605,542</u>	<u>\$ 5,170,407</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			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
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	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
STATEMENT 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	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
STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER
COMMUNITY PARTNERSHIP CHARTER SCHOOL PRE-KINDERGARTEN
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Instructional personnel	\$ 153,371	\$ -	\$ 153,371	\$ -	\$ -	\$ -	\$ 153,371
Fringe benefits and payroll taxes	36,637	-	36,637	-	-	-	36,637
Retirement	5,186	-	5,186	-	-	-	5,186
Consulting services	210	-	210	-	-	-	210
Supplies and materials	<u>1,845</u>	<u>-</u>	<u>1,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,845</u>
TOTAL	<u>\$ 197,249</u>	<u>\$ -</u>	<u>\$ 197,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,249</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, 2022

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	\$ 416,960	\$ 116,725	\$ 533,685	\$ 332,840	\$ -	\$ 332,840	\$ 866,525
Instructional personnel	3,312,868	1,743,913	5,056,781	-	-	-	5,056,781
Non-instructional personnel	<u>73,002</u>	<u>20,518</u>	<u>93,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,520</u>
Total personnel services	3,802,830	1,881,156	5,683,986	332,840	-	332,840	6,016,826
Fringe benefits and payroll taxes	885,174	287,222	1,172,396	20,687	-	20,687	1,193,083
Retirement	76,222	21,025	97,247	-	-	-	97,247
Central service fees	667,379	-	667,379	190,680	95,340	286,020	953,399
Legal service	-	-	-	5,626	-	5,626	5,626
Accounting and audit services	-	-	-	33,500	-	33,500	33,500
Consulting services	86,602	25,918	112,520	10,934	-	10,934	123,454
Rent and leasing costs	992,680	307,320	1,300,000	-	-	-	1,300,000
Repairs and maintenance	178,323	54,457	232,780	-	-	-	232,780
Insurance	55,161	15,624	70,785	11,968	-	11,968	82,753
Utilities	64,765	20,051	84,816	-	-	-	84,816
Supplies and materials	216,160	73,901	290,061	61,789	-	61,789	351,850
Equipment and furnishings	14,634	4,128	18,762	-	-	-	18,762
Staff development	27,873	8,099	35,972	-	-	-	35,972
Marketing and recruitment	87,642	24,773	112,415	-	-	-	112,415
Technology	171,906	47,617	219,523	-	-	-	219,523
Student services	162,425	43,653	206,078	-	-	-	206,078
Office expense	27,653	8,363	36,016	58,035	-	58,035	94,051
Depreciation	7,586	2,156	9,742	-	-	-	9,742
Other expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,406</u>	<u>-</u>	<u>2,406</u>	<u>2,406</u>
TOTAL	<u>\$ 7,525,015</u>	<u>\$ 2,825,463</u>	<u>\$ 10,350,478</u>	<u>\$ 728,465</u>	<u>\$ 95,340</u>	<u>\$ 823,805</u>	<u>\$ 11,174,283</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, 2022

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Instructional personnel	\$ 198,610	\$ -	\$ 198,610	\$ -	\$ -	\$ -	\$ 198,610
Fringe benefits and payroll taxes	16,390	-	16,390	-	-	-	16,390
Retirement							
Legal service	-	-	-	23,841	-	23,841	23,841
Consulting services	29,720	-	29,720	37,980	-	37,980	67,700
Insurance				78		78	78
Supplies and materials	7,024	-	7,024	-	-	-	7,024
Staff development	1,114	-	1,114	-	-	-	1,114
Marketing and recruitment	80,477	-	80,477	-	-	-	80,477
Technology	<u>133,173</u>	<u>-</u>	<u>133,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,173</u>
TOTAL	<u>\$ 466,508</u>	<u>\$ -</u>	<u>\$ 466,508</u>	<u>\$ 61,899</u>	<u>\$ -</u>	<u>\$ 61,899</u>	<u>\$ 528,407</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, 2022

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	\$ 351,601	\$ 71,129	\$ 422,730	\$ 264,608	\$ -	\$ 264,608	\$ 687,338
Instructional personnel	2,671,986	1,813,680	4,485,666	-	-	-	4,485,666
Non-instructional personnel	<u>88,915</u>	<u>19,811</u>	<u>108,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,726</u>
Total personnel services	3,112,502	1,904,620	5,017,122	264,608	-	264,608	5,281,730
Fringe benefits and payroll taxes	874,792	225,445	1,100,237	55,636	-	55,636	1,155,873
Retirement	68,711	14,452	83,163	8,899	-	8,899	92,062
Central service fees	609,456	57,923	667,379	190,680	95,340	286,020	953,399
Legal service	-	-	-	23,286	-	23,286	23,286
Accounting and audit services	-	-	-	33,500	-	33,500	33,500
Consulting services	127,591	8,895	136,486	10,933	-	10,933	147,419
Repairs and maintenance	27,867	3,779	31,646	-	-	-	31,646
Insurance	65,964	4,766	70,730	11,968	-	11,968	82,698
Supplies and materials	196,110	21,559	217,669	38,167	-	38,167	255,836
Equipment and furnishings	35,299	1,246	36,545	-	-	-	36,545
Staff development	40,464	5,212	45,676	-	-	-	45,676
Marketing and recruitment	90,906	8,736	99,642	-	-	-	99,642
Technology	137,466	11,942	149,408	232	-	232	149,640
Student services	214,817	21,117	235,934	-	-	-	235,934
Office expense	25,499	2,688	28,187	11,213	-	11,213	39,400
Depreciation	4,394	55	4,449	-	-	-	4,449
Other expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,439</u>	<u>-</u>	<u>2,439</u>	<u>2,439</u>
TOTAL	<u>\$ 5,631,838</u>	<u>\$ 2,292,435</u>	<u>\$ 7,924,273</u>	<u>\$ 651,561</u>	<u>\$ 95,340</u>	<u>\$ 746,901</u>	<u>\$ 8,671,174</u>

See independent auditor's report.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Pass-Through to Subrecipients	Total Federal Expenditures
<u>United States Department of Education:</u>				
Pass-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)	21214930	84.010	\$ -	\$ 202,828
Title I, Part A: Approving Academic Achievement (Community Partnership Charter School)	21214135	84.010	<u>-</u>	<u>176,763</u>
Total CFDA 84.010: Title I Grants to Local Educational Agencies			<u>-</u>	<u>379,591</u>
Pass-through New York State Education Department - Supporting Effective Instruction State Grants:				
Title II, Part A: Teachers/Principals/Training/Recruitment (Beginning with Children Charter School II)	147214930	84.367	-	24,848
Title II, Part A: Teachers/Principals/Training/Recruitment (Community Partnership Charter School)	147214135	84.367	<u>-</u>	<u>21,595</u>
Total CFDA 84.367: Supporting Effective Instruction State Grants			<u>-</u>	<u>46,443</u>
Pass-through New York State Education Department - Student Support and Academic Enrichment ("SSAE") Grants:				
Title IV, Part A: SSAE Allocation (Beginning with Children Charter School II)	204214930	84.424	-	13,785
Title IV, Part A: SSAE Allocation (Community Partnership Charter School)	204214135	84.424	<u>-</u>	<u>10,945</u>
Total CFDA 84.367: Student Support and Academic Enrichment Grants			<u>-</u>	<u>24,730</u>
Special Education Cluster (IDEA):				
Special Education - Grants to States IDEA, Part B (Beginning with Children Charter School II)		84.027	-	112,743
Special Education - Grants to States IDEA, Part B (Community Partnership Charter School)		84.027	<u>-</u>	<u>75,383</u>
Total CFDA 84.027: Special Education Cluster			<u>-</u>	<u>188,126</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, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Pass-Through to Subrecipients	Total Federal Expenditures
<u>United States Department of Education:</u>				
Pass-through New York State Education Department - COVID-19 Education Stabilization Fund:				
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - (Beginning with Children Charter School II)	5880214930	84.425U	\$ -	\$ 442,643
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - (Community Partnership Charter School)	5880214135	84.425U	-	391,199
Total CFDA 84.425U: COVID 19 - Education Stabilization Fund			-	833,842
Elementary and Secondary School Emergency Relief (ESSER I and II) Fund - (Beginning with Children Charter School II)	5891214930	84.425D	-	295,426
Elementary and Secondary School Emergency Relief (ESSER I and II) Fund - (Community Partnership Charter School)	5891214135	84.425D	-	261,092
Total CFDA 84.425D: COVID 19 - Education Stabilization Fund			-	556,518
American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth - (Beginning with Children Charter School II)	5218214930	84.425W	-	2,702
American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth - (Community Partnership Charter School)	5218214135	84.425W	-	2,409
Total CFDA 84.425W: COVID-19 - Education Stabilization Fund			-	5,111
Total COVID-19: Educational Stabilization Fund			-	1,395,471
Pass-through New York State Education Department - Charter Schools:				
Charter Schools Program - (Beginning with Children Charter School II)	89239004	84.282	-	1,051,612
Total CFDA 84.282: Charter School Program			-	1,051,612
Total United States Department of Education			-	3,085,973
<u>Federal Communications Commission:</u>				
Universal Service Fund - Schools and Libraries: E-rate (Beginning with Children Charter School II)		32.004	-	122,070
Universal Service Fund - Schools and Libraries: E-rate (Community Partnership Charter School)		32.004	-	19,780
Total CFDA 32.004: Universal Service Fund - Schools and Libraries: E-rate			-	141,850

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, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Pass-Through to Subrecipients	Total Federal Expenditures
<u>Federal Communications Commission:</u>				
Emergency Connectivity Fund (Beginning with Children Charter School II)		32.009	\$ -	\$ 120,415
Emergency Connectivity Fund (Community Partnership Charter School)		32.009	-	46,080
Total CFDA 32.009: Emergency Connectivity Fund			-	166,495
Total Federal Communications Commission			-	308,345
Total expenditures of federal awards			\$ -	\$ 3,394,318

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, 2023

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, 2023. 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, 2023, 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 November 1, 2023.

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.

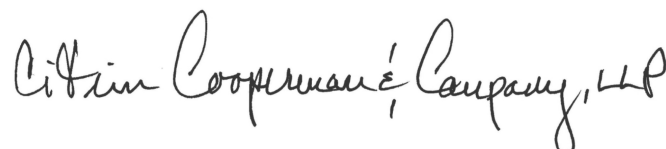
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



Melville, New York
November 1, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH 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 Each Major Federal Program

Opinion on Each 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 each of CPCSEC's major federal programs for the year ended June 30, 2023. CPCSEC's major federal programs are 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 each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each 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 each 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.

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 each 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

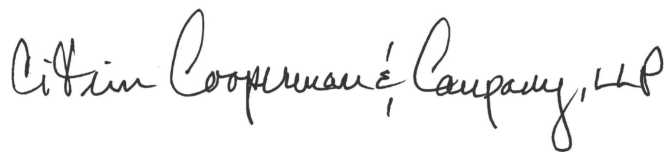
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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.

Report on Internal Control over Compliance (Continued)

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.



Melville, New York
November 1, 2023

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

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 Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425U	American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund
84.425D	Elementary and Secondary School Emergency Relief (ESSER I and II) Fund
84.425W	American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth
84.282	Charter Schools Program

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