COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2026

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
FOR THE YEAR ENDED JUNE 30, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Community Partnership Charter School Education Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Partnership Charter School Education Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Partnership Charter School Education Corporation as of June 30, 2026, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

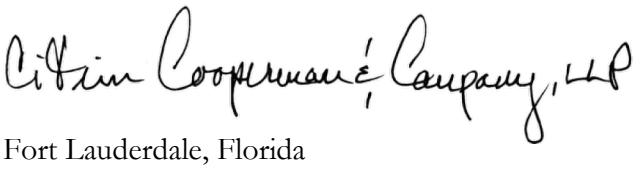
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Supplementary Information

Our audit was 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 17 - 22 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information contained in the schedules on pages 17 - 22 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 October 30, 2026, 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.



Fort Lauderdale, Florida
October 30, 2026

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COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2026

ASSETS

Current assets:	
Cash and cash equivalents	$ 6,887,826
Restricted cash	150,000
Certificates of deposit	225,009
Grants receivable	734,627
Accounts and other receivables	11,104
Prepaid expenses	22,879
Due from NYC Department of Education	115,639
Total current assets	8,147,084
Other assets	263,909
Property and equipment, net	48,411
Operating lease right-of-use assets, noncurrent	48,450,185
TOTAL ASSETS	$ 56,909,589

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	$ 816,034
Accrued payroll and benefits	1,668,530
Due to Beginning with Children Foundation, Inc.	906,641
Operating lease liabilities, current	4,110,973
Total current liabilities	7,502,178
Operating lease liabilities, noncurrent	49,341,647
Total liabilities	56,843,825
Commitments and contingencies (Notes 4, 7, 9 and 10)	
Net assets (deficit) without donor restrictions:	
Board-designated for facility and personnel costs	1,200,000
Undesignated	(1,134,236)
Total net assets without donor restrictions	65,764
Net assets with donor restrictions	-
Total net assets	65,764
TOTAL LIABILITIES AND NET ASSETS	$ 56,909,589

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:			
District per pupil revenue	$ 26,259,839	$ -	$ 26,259,839
District SPED revenue	5,832,266	-	5,832,266
Grants and contracts, state and local	554,753	-	554,753
Grants and contracts, federal Title and IDEA	1,153,189	-	1,153,189
Grants and contracts, other federal	30,467	-	30,467
NYC DOE rental assistance	3,570,926	-	3,570,926
In-kind revenue	261,483	-	261,483
Total operating revenue	37,662,923	-	37,662,923
Operating expenses:			
Program services:			
Regular education	22,158,536	-	22,158,536
Special education	12,050,243	-	12,050,243
Total program services	34,208,779	-	34,208,779
Supporting services:			
Management and general	2,738,300	-	2,738,300
Fundraising	333,084	-	333,084
Total supporting services	3,071,384	-	3,071,384
Total operating expenses	37,280,163	-	37,280,163
Income from government-funded school operations	382,760	-	382,760
Other income:			
Contributions and grants - foundations	556,500	-	556,500
Interest income and realized gains, net	247,344	-	247,344
Total other income	803,844	-	803,844
Change in net assets	1,186,604	-	1,186,604
Net assets (deficit) - beginning	(1,120,840)	-	(1,120,840)
NET ASSETS - ENDING	$ 65,764	$ -	$ 65,764

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2026

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	$ 1,367,702	$ 549,261	$ 1,916,963	$ 1,262,735	$ -	$ 1,262,735	$ 3,179,698
Instructional personnel	9,540,462	6,720,877	16,261,339	-	-	-	16,261,339
Non-instructional personnel	254,742	88,619	343,361	85,609	-	85,609	428,970
Total personnel services	11,162,906	7,358,757	18,521,663	1,348,344	-	1,348,344	19,870,007
Fringe benefits and payroll taxes	2,769,460	1,253,800	4,023,260	79,163	-	79,163	4,102,423
Retirement	254,127	98,700	352,827	29,872	-	29,872	382,699
Central service fees	1,653,877	677,708	2,331,585	666,167	333,084	999,251	3,330,836
Legal service	-	-	-	13,572	-	13,572	13,572
Accounting and audit services	-	-	-	77,240	-	77,240	77,240
Consulting services	588,258	254,794	843,052	290,094	-	290,094	1,133,146
Rent and leasing costs	2,950,172	1,284,093	4,234,265	-	-	-	4,234,265
Repairs and maintenance	126,093	54,629	180,722	-	-	-	180,722
Insurance	223,841	87,859	311,700	44,774	-	44,774	356,474
Utilities	203,082	89,702	292,784	-	-	-	292,784
Supplies and materials	578,733	251,097	829,830	45,027	-	45,027	874,857
Equipment and furnishings	55,959	20,438	76,397	-	-	-	76,397
Staff development	164,350	66,231	230,581	-	-	-	230,581
Marketing and recruitment	278,698	109,099	387,797	-	-	-	387,797
Technology	213,200	81,896	295,096	-	-	-	295,096
Student services	847,644	327,270	1,174,914	-	-	-	1,174,914
Office expense	48,182	19,858	68,040	128,905	-	128,905	196,945
Depreciation and amortization	15,943	6,603	22,546	9,727	-	9,727	32,273
Other expense	24,011	7,709	31,720	5,415	-	5,415	37,135
TOTAL	$ 22,158,536	$ 12,050,243	$ 34,208,779	$ 2,738,300	$ 333,084	$ 3,071,384	$ 37,280,163

See accompanying notes to financial statements.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

Cash flows from operating activities:	
Change in net assets	$ 1,186,604
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized losses on redemptions of certificates of deposit	20,525
Depreciation and amortization	32,273
Non-cash lease expense	2,582,203
Changes in operating assets and liabilities:	
Grants receivable	(34,481)
Accounts and other receivables	43,326
Prepaid expenses	180,361
Accounts payable and accrued expenses	257,639
Accrued payroll and benefits	75,839
Due from NYC Department of Education	171,308
Due to Beginning with Children Foundation, Inc.	721,758
Operating lease liabilities	(2,396,975)
Net cash provided by operating activities	2,840,380
Cash flows from investing activities:	
Proceeds from redemption of certificates of deposit	3,799,563
Purchases of certificates of deposit	(1,799,997)
Net cash provided by investing activities	1,999,566
Net increase in cash, cash equivalents and restricted cash	4,839,946
Cash, cash equivalents and restricted cash - beginning	2,197,880
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - ENDING	$ 7,037,826
Supplemental schedules for noncash investing and financing activities:	
Operating lease liability and right-of-use assets recognized in connection with lease modification	$ 1,444,251
Cash, cash equivalents and restricted cash consist of the following:	
Cash and cash equivalents	$ 6,887,826
Restricted cash	150,000
Cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 7,037,826

See accompanying notes to financial statements.

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 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 is currently awaiting approval of its charter renewal.

Enrollment for the year ended June 30, 2026 was 412 students at CPCS and 907 students at BwCCS2, compared to enrollment of 395 students and 877 students, respectively, in the budgets approved by the Board. Maximum allowable enrollment, defined as 120% of approved chartered enrollment, was 486 students at CPCS and 1,058 students at BwCCS2.

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 and community engagement. CPCSEC puts the needs of the whole student first, transcending the academic rigor of the classroom and nurturing the development of children from their formative years through college.

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

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

Use of Estimates

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

Cash and Cash Equivalents

CPCSEC considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2026, CPCSEC's cash equivalents consisted of money market funds, sweep accounts, and time deposits.

Grants Receivable

CPCSEC records grants receivable at cost less an allowance for doubtful accounts. On a periodic basis, CPCSEC evaluates its grants receivable and establishes an allowance for doubtful accounts, if necessary, based on the history of collections. No allowance for doubtful accounts was deemed necessary as of June 30, 2026.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

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

Impairment of Long-lived Assets

CPCSEC evaluates its long-lived assets, including CPCSEC's right-of-use assets, for impairment in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360, *Property, Plant and Equipment*. If this evaluation indicates that an impairment loss should be recognized, CPCSEC records the charge to operations for the estimated impairment loss in the period determined. No impairment charges were required for the year ended June 30, 2026.

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 terminated or if CPCSEC was closed for other reasons.

Leases

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

Operating lease right-of-use assets are presented as noncurrent assets.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Operating Revenue

District Per Pupil Revenue and District SPED Revenue

Revenue from the state and local governments resulting from CPCSEC's charter status, which is based on the number of students enrolled, is recorded when services are performed in accordance with the charter agreement.

Governmental Grants and Contracts

A portion of CPCSEC's operating revenue is derived from cost-reimbursable federal, state and local 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.

NYC DOE Rental Assistance

During the year ended June 30, 2026, CPCSEC received $3,570,926 of rental assistance from the NYCDOE as a direct reimbursement of rental expenses.

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. Management believes that CPCSEC made no payments to the NYCDOE for rent, utilities, or maintenance of these facilities during the year ended June 30, 2026.

Contributions and Grants - private

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

Private grants that are for cost reimbursement are conditioned upon the incurrence of allowable, qualifying expenses. Amounts received are recognized as revenue when CPCSEC has incurred expenditures in compliance with the specific grant.

Contributed nonfinancial assets are recorded at their fair values at the date received. The organization's policy is to utilize contributed nonfinancial assets in its programs and activities and not to monetize such assets. 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The cost of providing the programs and other activities has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, with amounts allocated between programs based on the relative weighting of students receiving special education services to those receiving general education services. Management and general expenses include those expenses that are not directly identifiable with a specific program and provide for the overall support and direction of CPCSEC. All other costs are allocated based on the detail and nature of the expense as per the underlying invoice.

Expenses that are allocated include the following:

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

Insurance

CPCSEC maintained insurance coverage during the year ended June 30, 2026 for commercial general liability, hired and non-owned automobile liability, umbrella/excess liability, and workers' compensation and employers' liability. Management believes that the coverage satisfies the applicable requirements of CPCSEC's charter and for each covered school and operating location.

Income Taxes

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

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

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

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, CPCSEC has evaluated subsequent events through October 30, 2026, the date that these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. LIQUIDITY AND AVAILABILITY

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

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

The following table reflects CPCSEC's financial assets as of June 30, 2026, reduced by amounts not available for use for general expenditures within one year.

Financial assets as of June 30:	
Cash, cash equivalents, and restricted cash	$ 7,037,826
Certificates of deposit	225,009
Due from NYC Department of Education	115,639
Grants receivable	734,627
Accounts and other receivables	11,104
Total financial assets as of June 30	8,124,205
Less: assets unavailable for general expenditures within one year:	
Restricted cash	150,000
Board-designated for facility and personnel costs	1,200,000
Total assets unavailable for general expenditures within one year	1,350,000
Financial assets available to meet general expenditures within one year	$ 6,774,205

NOTE 4. RELATED-PARTY TRANSACTIONS

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

Central Service Fees

As an educational manager to charter schools, the Foundation entered into a Memorandum of Understanding ("MOU") agreement with CPCSEC for the year ended June 30, 2026. Pursuant to the terms of the MOUs, CPCSEC agreed to pay service fees to the Foundation in the amount of $3,330,836 for the year ended June 30, 2026. 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.

NOTE 4. RELATED-PARTY TRANSACTIONS (CONTINUED)

Central Service Fees (Continued)

At June 30, 2026, $906,641 was due to the Foundation, representing service fees payable and rent payable to the Foundation. Management believes none of these amounts were past due.

Leases

In addition to the management and support services described above, CPCSEC leases certain school and administrative facilities from the Foundation. These lease arrangements are described further in Note 7.

CPCSEC was the recipient of donated facilities from the Foundation, which were used for the BwCCS2 middle school and high school campuses. For the year ended June 30, 2026, the value of the donated space amounted to $261,483, and is included in "In-kind revenue" in the accompanying statement of activities, and "Rent and leasing costs" in the accompanying statement of functional expenses. The donated facilities were not subject to donor-imposed restrictions. The fair value of the donated facilities was determined using rental rates contained in the underlying lease agreements, which management considers representative of fair value in the principal market for the donated facilities.

NOTE 5. CERTIFICATES OF DEPOSIT

CPCSEC had certificates of deposit totaling $225,009 at June 30, 2026. The certificate of deposit outstanding at June 30, 2026 bears interest at 4.150% and matures in July 2026. Certificates of deposit are recorded at cost plus accrued interest, which approximates fair value.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2026:

		Estimated Useful Life
Computer equipment	$ 391,829	3 years
Furniture and fixtures	294,970	7 years
Leasehold improvements	85,087	5 years
	771,886	
Less: accumulated depreciation and amortization	723,475	
Property and equipment, net	$ 48,411	

Depreciation and amortization expense was $32,273 for the year ended June 30, 2026.

NOTE 7. COMMITMENTS

CPCSEC is obligated under a five-year operating lease agreement with the Foundation, commencing July 1, 2016 and originally ending on June 30, 2021. The operating lease was for the use of school facility space for the BwCCS2 Middle School. In June 2021, CPCSEC extended the operating lease agreement through June 30, 2026. In 2026, CPCSEC extended the operating lease agreement, effective June 30, 2026 through June 30, 2027.

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

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

Operating lease cost under these leases for the year ended June 30, 2026 was $3,972,782 and is included in 'Rent and leasing costs' in the statement of functional expenses. Also included in 'Rent and leasing costs' is $261,483 of donated facilities expense (see Note 4).

Minimum annual rent amounts required under the leases at June 30, 2026, are as follows:

Year ending June 30:	Amount
2027	$ 4,150,753
2028	2,769,540
2029	2,593,094
2030	2,644,676
2031	2,696,989
Thereafter	64,339,479
Net minimum lease payments	79,194,531
Less: present value discount	(25,741,911)
Present value of lease liabilities	$ 53,452,620

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

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 3,787,550
Weighted-average remaining lease term (in years):	
Operating leases	26.01
Weighted-average discount rate (%):	
Operating leases	3.14

Management believes that all lease payments were made on or before their due dates during the year ended June 30, 2026 and that no lease payments were overdue at June 30, 2026.

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 $382,699 for the year ended June 30, 2026.

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.

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

Concentration of Credit Risk

Financial instruments that potentially subject CPCSEC to concentration of credit risk consist primarily of cash and cash equivalents, restricted cash, and certificates of deposit in excess of insured amounts. At times, CPCSEC's cash and cash equivalents, restricted cash, and certificates of deposit, which are placed with major financial institutions, exceed the insurance coverage provided by the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC"). The amount in excess of FDIC or SIPC insurance was approximately $6,730,000 at June 30, 2026.

Grants Receivable

As of June 30, 2026, the New York State Education Department (NYSED) accounted for 87% of CPCSEC's grants receivable balance.

Revenue

District per pupil revenue and district SPED revenue combined from the NYSED accounted for 83% of total revenue for the year ended June 30, 2026.

SUPPLEMENTARY INFORMATION

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
STATEMENT OF ACTIVITIES BY CHARTER
FOR THE YEAR ENDED JUNE 30, 2026

	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:					
District per pupil revenue	$ 10,406,781	$ 7,647,051	$ -	$ 8,206,007	$ 26,259,839
District SPED revenue	2,296,571	1,920,617	-	1,615,078	5,832,266
Grants and contracts, state and local	-	-	257,107	297,646	554,753
Grants and contracts, federal Title and IDEA	654,766	188,327	-	310,096	1,153,189
Grants and contracts, other federal	20,124	6,469	-	3,874	30,467
NYC DOE rental assistance	1,275,533	2,295,393	-	-	3,570,926
In-kind revenue	159,423	102,060	-	-	261,483
Total operating revenue	14,813,198	12,159,917	257,107	10,432,701	37,662,923
Operating expenses:					
Program services:					
Regular education	8,542,662	6,710,824	300,808	6,604,242	22,158,536
Special education	5,255,869	3,443,870	-	3,350,504	12,050,243
Total program services	13,798,531	10,154,694	300,808	9,954,746	34,208,779
Supporting services:					
Management and general	1,120,739	801,270	-	816,291	2,738,300
Fundraising	130,903	88,319	-	113,862	333,084
Total supporting services	1,251,642	889,589	-	930,153	3,071,384
Total operating expenses	15,050,173	11,044,283	300,808	10,884,899	37,280,163
Income (loss) from government-funded school operations	(236,975)	1,115,634	(43,701)	(452,198)	382,760
Other income:					
Contributions and grants - foundations	313,077	2,000	-	241,423	556,500
Interest income and realized gains, net	93,851	54,555	-	98,938	247,344
Total other income	406,928	56,555	-	340,361	803,844
Change in net assets (deficit)	169,953	1,172,189	(43,701)	(111,837)	1,186,604
Net assets (deficit) - beginning	4,797,443	(5,459,577)	(439,445)	(19,261)	(1,120,840)
NET ASSETS (DEFICIT) - ENDING	$ 4,967,396	$ (4,287,388)	$ (483,146)	$ (131,098)	$ 65,764

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, 2026

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Instructional personnel	$ 255,820	$ -	$ 255,820	$ -	$ -	$ -	$ 255,820
Fringe benefits and payroll taxes	39,384	-	39,384	-	-	-	39,384
Supplies and materials	3,779	-	3,779	-	-	-	3,779
Staff development	1,825	-	1,825	-	-	-	1,825
TOTAL	$ 300,808	$ -	$ 300,808	$ -	$ -	$ -	$ 300,808

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, 2026

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	$ 566,506	$ 250,157	$ 816,663	$ 637,231	$ -	$ 637,231	$ 1,453,894
Instructional personnel	3,736,798	2,960,671	6,697,469	-	-	-	6,697,469
Non-instructional personnel	49,318	20,655	69,973	-	-	-	69,973
Total personnel services	4,352,622	3,231,483	7,584,105	637,231	-	637,231	8,221,336
Fringe benefits and payroll taxes	1,133,776	593,675	1,727,451	41,799	-	41,799	1,769,250
Retirement	123,417	52,349	175,766	13,600	-	13,600	189,366
Central service fees	620,691	295,633	916,324	261,807	130,903	392,710	1,309,034
Legal service	-	-	-	4,017	-	4,017	4,017
Accounting and audit services	-	-	-	30,896	-	30,896	30,896
Consulting services	350,619	166,776	517,395	12,122	-	12,122	529,517
Rent and leasing costs	934,203	449,104	1,383,307	-	-	-	1,383,307
Repairs and maintenance	60,904	28,050	88,954	-	-	-	88,954
Insurance	90,787	39,463	130,250	18,841	-	18,841	149,091
Utilities	83,967	40,366	124,333	-	-	-	124,333
Supplies and materials	268,783	131,087	399,870	31,066	-	31,066	430,936
Equipment and furnishings	19,390	8,230	27,620	-	-	-	27,620
Staff development	41,683	18,164	59,847	-	-	-	59,847
Marketing and recruitment	96,949	41,687	138,636	-	-	-	138,636
Technology	58,523	25,385	83,908	-	-	-	83,908
Student services	285,059	124,307	409,366	-	-	-	409,366
Office expense	19,067	9,042	28,109	67,194	-	67,194	95,303
Other expense	2,222	1,068	3,290	2,166	-	2,166	5,456
TOTAL	$ 8,542,662	$ 5,255,869	$ 13,798,531	$ 1,120,739	$ 130,903	$ 1,251,642	$ 15,050,173

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, 2026

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	$ 315,280	$ 130,585	$ 445,865	$ 188,457	$ -	$ 188,457	$ 634,322
Instructional personnel	2,259,845	1,598,699	3,858,544	-	-	-	3,858,544
Non-instructional personnel	51,840	21,472	73,312	85,609	-	85,609	158,921
Total personnel services	2,626,965	1,750,756	4,377,721	274,066	-	274,066	4,651,787
Fringe benefits and payroll taxes	589,768	244,274	834,042	10,141	-	10,141	844,183
Retirement	48,742	20,188	68,930	6,980	-	6,980	75,910
Central service fees	437,163	181,067	618,230	176,637	88,319	264,956	883,186
Legal service	-	-	-	1,928	-	1,928	1,928
Accounting and audit services	-	-	-	15,448	-	15,448	15,448
Consulting services	116,390	48,207	164,597	265,797	-	265,797	430,394
Rent and leasing costs	2,015,969	834,989	2,850,958	-	-	-	2,850,958
Repairs and maintenance	59,593	24,683	84,276	-	-	-	84,276
Insurance	50,252	20,814	71,066	10,196	-	10,196	81,262
Utilities	119,115	49,336	168,451	-	-	-	168,451
Supplies and materials	155,797	66,161	221,958	12,440	-	12,440	234,398
Equipment and furnishings	9,662	4,002	13,664	-	-	-	13,664
Staff development	80,198	33,217	113,415	-	-	-	113,415
Marketing and recruitment	59,085	24,472	83,557	-	-	-	83,557
Technology	62,500	25,887	88,387	-	-	-	88,387
Student services	246,738	102,196	348,934	-	-	-	348,934
Office expense	12,536	5,192	17,728	16,827	-	16,827	34,555
Depreciation and amortization	15,943	6,603	22,546	9,727	-	9,727	32,273
Other expense	4,408	1,826	6,234	1,083	-	1,083	7,317
TOTAL	$ 6,710,824	$ 3,443,870	$ 10,154,694	$ 801,270	$ 88,319	$ 889,589	$ 11,044,283

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, 2026

	Program Services			Supporting Services			
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Personnel services:							
Administrative staff personnel	$ 485,916	$ 168,519	$ 654,435	$ 437,047	$ -	$ 437,047	$ 1,091,482
Instructional personnel	3,287,999	2,161,507	5,449,506	-	-	-	5,449,506
Non-instructional personnel	153,584	46,492	200,076	-	-	-	200,076
Total personnel services	3,927,499	2,376,518	6,304,017	437,047	-	437,047	6,741,064
Fringe benefits and payroll taxes	1,006,532	415,851	1,422,383	27,223	-	27,223	1,449,606
Retirement	81,968	26,163	108,131	9,292	-	9,292	117,423
Central service fees	596,023	201,008	797,031	227,723	113,862	341,585	1,138,616
Legal service	-	-	-	7,627	-	7,627	7,627
Accounting and audit services	-	-	-	30,896	-	30,896	30,896
Consulting services	121,249	39,811	161,060	12,175	-	12,175	173,235
Repairs and maintenance	5,596	1,896	7,492	-	-	-	7,492
Insurance	82,802	27,582	110,384	15,737	-	15,737	126,121
Supplies and materials	150,374	53,849	204,223	1,521	-	1,521	205,744
Equipment and furnishings	26,907	8,206	35,113	-	-	-	35,113
Staff development	40,644	14,850	55,494	-	-	-	55,494
Marketing and recruitment	122,664	42,940	165,604	-	-	-	165,604
Technology	92,177	30,624	122,801	-	-	-	122,801
Student services	315,847	100,767	416,614	-	-	-	416,614
Office expense	16,579	5,624	22,203	44,884	-	44,884	67,087
Other expense	17,381	4,815	22,196	2,166	-	2,166	24,362
TOTAL	$ 6,604,242	$ 3,350,504	$ 9,954,746	$ 816,291	$ 113,862	$ 930,153	$ 10,884,899

See independent auditor's report.

COMMUNITY PARTNERSHIP CHARTER SCHOOL EDUCATION CORPORATION
LEASE ADJUSTED DEBT SERVICE COVERAGE RATIO
FOR THE YEAR ENDED JUNE 30, 2026

Total taxes paid	-
Total depreciation expense	22,546
Total amortization expense	9,727
Total lease payment expense	3,787,550
Total principal payments	-
Total interest expense	-
Change in net assets	1,186,604

See independent auditor's report.

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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 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, 2026, 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, 2026.

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.

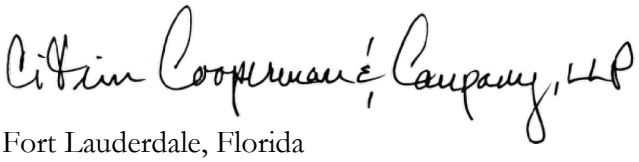
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Report on Compliance and Other Matters

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 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.



Fort Lauderdale, Florida
October 30, 2026

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