Bedford Stuyvesant New Beginnings Charter School

Financial Statements and
Uniform Guidance Schedules
Together With Independent Auditors' Reports

June 30, 2024 and 2023

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Trustees
Bedford Stuyvesant New Beginnings Charter School

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023, and the changes in its net assets 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School 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.

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

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Auditors' 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 auditors' 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 and *Government 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 the School'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 the School'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 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 information 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 31, 2024, on our consideration of the School'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 the School'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 the School's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Harrison, New York
October 31, 2024

Bedford Stuyvesant New Beginnings Charter School

Statements of Financial Position

	June 30, 2024	June 30, 2023
ASSETS		
Current Assets		
Cash	$ 1,172,773	$ 4,872,001
Grants and contracts receivable	1,539,128	701,784
Prepaid expenses and other current assets	72,457	141,854
Total Current Assets	2,784,358	5,715,639
Property and equipment, net	2,117,390	1,830,541
Right of use assets - operating leases, net	6,959,611	7,971,140
Restricted cash	76,842	75,766
Security deposits	856,165	79,845
	$ 12,794,366	$ 15,672,931
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 406,623	$ 513,946
Accrued payroll and payroll taxes	631,083	541,752
Operating lease liabilities	1,338,116	1,298,729
Refundable advances	-	4,281
Total Current Liabilities	2,375,822	2,358,708
Operating lease liabilities, less current portion	8,147,289	9,485,405
Total Liabilities	10,523,111	11,844,113
Net assets		
Without donor restrictions	1,835,255	3,828,818
With donor restrictions	436,000	-
Total Net Assets	2,271,255	3,828,818
	$ 12,794,366	$ 15,672,931

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Statements of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
State and Local Per Pupil Operating Revenue			
General education	$ 13,322,282	$ -	$ 13,322,282
Special education	2,477,409	-	2,477,409
Facilities	943,180	-	943,180
Federal grants	2,418,373	-	2,418,373
State and city grants	343,047	-	343,047
Total Operating Revenue	19,504,291	-	19,504,291
EXPENSES			
Program Services			
Regular education	13,735,375	-	13,735,375
Special education	3,693,049	-	3,693,049
Supplementary education	499,741	-	499,741
Total Program Services	17,928,165	-	17,928,165
Supporting Services			
Management and general	4,363,364	-	4,363,364
Fundraising	58,403	-	58,403
Total Expenses	22,349,932	-	22,349,932
(Deficit) from Operations	(2,845,641)	-	(2,845,641)
SUPPORT AND OTHER REVENUE			
Contributions and private grants	376,737	786,000	1,162,737
Donated goods	49,937	-	49,937
Other income	75,404	-	75,404
Net assets released from restrictions	350,000	(350,000)	-
Total Support and Other Revenue	852,078	436,000	1,288,078
Change in Net Assets	(1,993,563)	436,000	(1,557,563)
NET ASSETS			
Beginning of year	3,828,818	-	3,828,818
End of year	$ 1,835,255	$ 436,000	$ 2,271,255

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Statements of Activities
Year Ended June 30, 2023

OPERATING REVENUE	
State and Local Per Pupil Operating Revenue	
General education	$ 12,783,758
Special education	2,471,521
Facilities	869,844
Federal grants	1,779,615
State and city grants	339,930
Total Operating Revenue	18,244,668
EXPENSES	
Program Services	
Regular education	12,320,918
Special education	3,676,908
Supplementary education	390,428
Total Program Services	16,388,254
Supporting Services	
Management and general	3,692,820
Fundraising	17,452
Total Expenses	20,098,526
(Deficit) from Operations	(1,853,858)
SUPPORT AND OTHER REVENUE	
Contributions and private grants	288,910
Donated goods	27,276
Other income	45,079
Total Support and Other Revenue	361,265
Change in Net Assets	(1,492,593)
NET ASSETS, WITHOUT DONOR RESTRICTION	
Beginning of year	5,321,411
End of year	$ 3,828,818

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Statement of Functional Expenses
Year Ended June 30, 2024

	No. of Positions	Program Services: Regular Education	Program Services: Special Education	Program Services: Supplementary Education	Program Services: Total	Management and General	Fundraising	Total
Personnel Service Cost								
Administrative staff personnel	16	$ 1,922,987	$ 516,233	$ -	$ 2,439,220	$ 698,366	$ 7,901	$ 3,145,487
Instructional personnel	101	5,211,228	1,419,723	499,713	7,130,664	-	-	7,130,664
Non - instructional personnel	7	-	-	-	-	812,519	-	812,519
Total Personnel Service Cost	124	7,134,215	1,935,956	499,713	9,569,884	1,510,885	7,901	11,088,670
Fringe benefits and payroll taxes		1,693,127	459,451	28	2,152,606	443,603	-	2,596,209
Accounting and auditing services		-	-	-	-	49,675	-	49,675
Legal services		-	-	-	-	83,443	-	83,443
Marketing and recruiting		143,357	42,850	-	186,207	19,990	-	206,197
Other professional and consulting services		399,074	109,404	-	508,478	1,065,306	420	1,574,204
Equipment and furnishings		-	-	-	-	43,346	-	43,346
Food service		570,525	154,819	-	725,344	148,855	632	874,831
Staff development		191,103	51,195	-	242,298	148,045	90	390,433
Insurance		113,420	30,778	-	144,198	29,591	126	173,915
Utilities		222,586	60,402	-	282,988	58,321	-	341,309
Building and land rent		875,964	237,704	-	1,113,668	229,518	-	1,343,186
Student service		146,745	39,318	-	186,063	16,563	70	202,696
Supplies and materials		1,064,777	283,202	-	1,347,979	29,844	127	1,377,950
Repairs and maintenance		481,200	130,580	-	611,780	126,008	74	737,862
Office expense		183,928	17,543	-	201,471	225,339	48,963	475,773
Technology		157,518	42,744	-	200,262	41,274	-	241,536
Depreciation and amortization		347,503	94,299	-	441,802	91,052	-	532,854
Other		10,333	2,804	-	13,137	2,706	-	15,843
Total Expenses		$ 13,735,375	$ 3,693,049	$ 499,741	$ 17,928,165	$ 4,363,364	$ 58,403	$ 22,349,932

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Statement of Functional Expenses
Year Ended June 30, 2023

	No. of Positions	Program Services				Management and General	Fundraising	Total
		Regular Education	Special Education	Supplementary Education	Total			
Personnel Service Cost								
Administrative staff personnel	16	$ 1,331,238	$ 339,736	$ -	$ 1,670,974	$ 727,860	$ 7,598	$ 2,406,432
Instructional personnel	98	4,902,468	1,558,398	390,428	6,851,294	-	-	6,851,294
Non - instructional personnel	7	-	-	-	-	690,807	-	690,807
Total Personnel Service Cost	121	6,233,706	1,898,134	390,428	8,522,268	1,418,667	7,598	9,948,533
Fringe benefits and payroll taxes		1,578,739	480,719	-	2,059,458	429,483	-	2,488,941
Accounting and auditing services		-	-	-	-	40,510	-	40,510
Legal services		-	-	-	-	5,597	-	5,597
Marketing and recruiting		89,091	28,630	-	117,721	25,758	-	143,479
Other professional and consulting services		360,394	109,738	-	470,132	783,741	-	1,253,873
Equipment and furnishings		-	-	-	-	42,340	-	42,340
Food service		492,619	150,000	-	642,619	133,412	600	776,631
Staff development		316,327	85,632	-	401,959	97,364	151	499,474
Insurance		103,558	31,533	-	135,091	28,046	126	163,263
Utilities		182,744	55,645	-	238,389	49,715	-	288,104
Building and land rent		852,544	259,596	-	1,112,140	231,926	-	1,344,066
Student service		178,223	44,897	-	223,120	2,625	12	225,757
Supplies and materials		937,023	235,329	-	1,172,352	10,307	46	1,182,705
Repairs and maintenance		405,604	123,505	-	529,109	110,252	90	639,451
Office expense		68,253	14,575	-	82,828	141,052	8,829	232,709
Technology		135,760	41,338	-	177,098	36,933	-	214,031
Depreciation and amortization		377,234	114,866	-	492,100	102,625	-	594,725
Other		9,099	2,771	-	11,870	2,467	-	14,337
Total Expenses		$ 12,320,918	$ 3,676,908	$ 390,428	$ 16,388,254	$ 3,692,820	$ 17,452	$ 20,098,526

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter School

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,557,563)	$ (1,492,593)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	532,854	594,725
Amortization of right of use assets - operating leases	1,011,529	963,171
Changes in operating assets and liabilities		
Grants and contracts receivable	(837,344)	2,168,086
Prepaid expenses and other current assets	69,397	(102,954)
Security deposits	(776,320)	-
Accounts payable and accrued expenses	(107,323)	(181,064)
Accrued payroll and payroll taxes	89,331	(9,898)
Operating lease liabilities	(1,298,729)	(1,250,371)
Refundable advances	(4,281)	(159,287)
Net Cash from Operating Activities	(2,878,449)	529,815
CASH FLOWS FROM INVESTING ACTIVITY		
Purchases of property and equipment	(819,703)	(547,821)
Net Change in Cash and Restricted Cash	(3,698,152)	(18,006)
CASH AND RESTRICTED CASH		
Beginning of year	4,947,767	4,965,773
End of year	$ 1,249,615	$ 4,947,767
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for amounts included in the measurement of lease liability	$ 1,635,918	$ 1,629,598

See notes to financial statements

1. Organization and Tax Status

Bedford Stuyvesant New Beginnings Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School was initially granted a provisional charter (the "Charter") on January 12, 2010 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York ("Board of Regents"). The School renewed its Charter for an additional five-year term, now expiring June 30, 2028. At the School, families, educators and community members will join together to create a supportive and rigorous academic environment for all students. Through the pursuit of 21st-century learning, project-based and service learning, and traditional coursework, students will be prepared to succeed in academically competitive schools as well as become responsible citizens of the global community. Classes commenced in Brooklyn, New York in September 2010 and the School provided education to approximately 725 students in kindergarten through eighth grade during the 2023-2024 academic year.

On October 12, 2023, the State University of New York Board of Trustees ("SUNY") approved the School to operate a new charter school, Bedford Stuyvesant New Beginnings Charter School 2 ("BSNB 2"). Classes for BSNB 2 commenced in Brooklyn, New York in September 2024.

The School and BSNB 2 merged into a single not-for-profit legal entity under the School, which serves as the sole surviving educational corporation. The plan of merger was approved by SUNY on March 29, 2024 and became effective for financial reporting purposes on July 1, 2024. Each charter is authorized by SUNY under the School's provisional charter, as amended to effect the merger, and the surviving entity's name was changed to Bedford Stuyvesant New Beginnings Charter Schools. BSNB 2 was dissolved in conjunction with this merger.

The New York City Department of Education provides transportation directly to some of the School's students. Such costs are not included in these financial statements. The School provides universal free lunch to all of the School's scholars.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. Summary of Significant Accounting Policies *(continued)*

Net Asset Presentation

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Net assets without donor restrictions - consist of resources available for the general support of the School's operations. Net assets without donor restrictions may be used at the discretion of the School's management and/or the Board of Trustees.

Net assets with donor restrictions - represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, 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. The School had no net assets with donor restrictions at June 30, 2023.

Restricted Cash

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur. The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amounts presented in the statements of cash flows at June 30:

	2024	2023
Cash	$ 1,172,773	$ 4,872,001
Restricted cash	76,842	75,766
	$ 1,249,615	$ 4,947,767

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of $1,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Minor costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case such assets are expensed as incurred.

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment (continued)

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Computers and equipment	3 - 5 years
Furniture and fixtures	7 years
Software	3 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value, less costs to sell. There were no asset impairments for the years ended June 30, 2024 or 2023.

Leases

The School accounts for leases under Topic 842. The School determines if an arrangement is a lease at inception. Operating leases are included in operating lease right of use ("ROU") assets and operating lease liabilities on the accompanying statements of financial position. The School made the short-term lease election for leases with an initial term of less than 12 months. ROU assets represent the right to use underlying assets for the lease terms and lease liabilities represent the obligation to make lease payments arising from the leases.

Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease terms. When leases do not provide an implicit borrowing rate, the School uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets includes any lease payments made and excludes lease incentives. The lease terms may include options to extend the lease and when it is reasonably certain that the School will exercise that option such amounts are included in ROU assets and lease liabilities. Lease expense for lease payments is recognized on a straight-line basis over the lease terms. The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The School's lease agreements do not contain any variable lease components.

Refundable Advances

The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue.

Revenue and Support

Revenue from the state and local governments resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

2. Summary of Significant Accounting Policies *(continued)*

Revenue and Support (continued)

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. In-kind donations are recorded at the estimated fair value at the date the services and goods are received.

Marketing and Recruiting

Marketing and recruiting costs are expensed as incurred for staff and student recruitment. Marketing and recruiting expense for the years ended June 30, 2024 and 2023 was $206,197 and $143,479.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the School's ongoing services. Non-operating activities include revenue and support from non-governmental sources that include grants and contributions revenue, return on investments and other activities considered to be of a non-recurring nature.

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses, such as personnel service costs, fringe benefits and payroll taxes, other purchased professional and consulting services, building and land rent/lease, and supplies and materials have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

Accounting for Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2021.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 31, 2024.

3. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, city entitlements and grants, and a private grant. The School expects to collect these receivables within one year. Management has assessed the need for an allowance for doubtful accounts and has determined that such allowance is not necessary.

4. Related Party Transactions (not disclosed elsewhere)

The School is an affiliate of Friends of Bedford Stuyvesant New Beginnings Charter School, Inc. ("FOBS"), a New York State not-for-profit corporation, by common management. FOBS's purpose is to support the operation of the School by managing the School's real estate and facilities-related needs, and by raising funds and resources that will enable FOBS to provide to the School and to enhance the experience of the School's students. In July 2024, the School entered into sublease agreements with FOBS for classroom facilities (Note 13). There were no material transactions during the years ended June 30, 2024 and 2023, and no balances due from or to at June 30, 2024 and 2023.

5. Property and Equipment

Property and equipment consists of the following at June 30:

	2024	2023
Computers and equipment	$ 1,885,486	$ 1,904,195
Furniture and fixtures	824,337	584,310
Leasehold improvements	3,709,639	3,403,915
Software	81,936	81,936
	6,501,398	5,974,356
Accumulated depreciation and amortization	(4,384,008)	(4,143,815)
	$ 2,117,390	$ 1,830,541

During the year ended June 30, 2024, the School disposed fully depreciated property and equipment totaling $292,661.

6. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statements of financial position dates, are comprised of the following at June 30:

	2024	2023
Cash	$ 1,172,773	$ 4,872,001
Grants and contracts receivable	1,539,128	701,784
Total Financial Assets	2,711,901	5,573,785
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	436,000	-
	$ 2,275,901	$ 5,573,785

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in money market accounts and other liquid instruments until it is required for operational use. The School will continue to rely on funding received from the New York City Department of Education to cover its future operating costs (see Note 11). In addition, the School has a $50,000 line of credit, which it could draw upon (see Note 7).

7. Line of Credit

On April 23, 2012, the School entered into an unsecured $50,000 line of credit agreement with Capital One Bank to provide working capital. The line has no expiration date and bears interest at the Wall Street Journal Prime Rate plus 5.75%. Interest is payable on a monthly basis. There were no outstanding balances under the line of credit as of June 30, 2024 and 2023.

8. Donated Goods

Donated goods are recorded at their fair value when received. The School received food service goods for the year ended June 30, 2024 and reading supplies for the year ended June 30, 2023, at no charge. The value of these goods meets the criteria for recognition in the financial statements and were recorded at fair value of $49,937 and $27,276 for the years ended June 30, 2024 and 2023. Fair value is estimated using market value of similar goods available for purchase by the School. The food service goods and reading supplies will be used for program services, and the value of these donated goods are included in supplies and materials in the accompanying statements of activities and functional expenses. There were no donor-imposed restrictions associated with the donated goods.

9. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 401(k), for the benefit of its eligible employees. Under the plan, the School provides matching contributions up to 6% of the participant's annual compensation based on years of service. Employee match for the years ended June 30, 2024 and 2023 amounted to $234,451 and $231,111.

10. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and restricted cash with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. As of June 30, 2024 and 2023 approximately $1,000,000 and $4,700,000 of cash was maintained with an institution in excess of FDIC limits.

11. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2024 and 2023, the School received approximately 81% and 87% of total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

12. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2024 consists of a grant receivable in the amount of $436,000 restricted due to passage of time. Net assets of $350,000 with donor restrictions were released during the year ended June 30, 2024.

13. Commitments

On September 1, 2010, the School entered into a non-cancelable operating lease for office and classroom space for its elementary and middle school location expiring on June 30, 2030, with an option to renew the lease for an additional ten years. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes, and other operating expenses. Rent expense for the years ended June 30, 2024 and 2023 was $1,343,186 and $1,344,066.

The School entered into three separate operating leases for copier and printer equipment with various terminations dates through October 2025. Leased equipment expense for the years ended June 30, 2024 and 2023 was $43,346 and $42,340.

The future minimum lease payments under the leases are as follows for the years ending June 30:

2025	$ 1,631,013
2026	1,772,025
2027	1,765,705
2028	1,765,705
2029	1,765,705
Thereafter	1,765,705
Total minimum lease payments	10,465,858
Present value discount	(980,453)
Present value of operating lease liability	9,485,405
Current portion	(1,338,116)
Operating lease liabilities, less current portion	$ 8,147,289

13. Commitments *(continued)*

ROU assets consist of the following at June 30:

	2024	2023
ROU assets - operating lease	$ 8,934,311	$ 8,934,311
Accumulated amortization	(1,974,700)	(963,171)
	$ 6,959,611	$ 7,971,140
Weighted average remaining lease term	5.98 years	6.97 years
Weighted average discount rate	3.35%	3.35%

In July 2024, the operating lease for the elementary and middle school location was transferred to FOBS and a new sublease agreement between FOBS (sublandlord) and the School (subtenant) was entered into for a period of 5 years ending on June 30, 2029. In July 2024, the School entered into a second sublease agreement with FOBS for office and classroom space for the upcoming high school location for a period of 5 years ending on June 30, 2029. In accordance with the sublease agreement, the School paid a $772,470 security deposit in May 2024.

The future minimum lease payments under the subleases are as follows for the years ending June 30:

2025	$ 4,257,021
2026	5,394,322
2027	6,600,492
2028	7,990,810
2029	8,522,240
	$ 32,764,885

14. Contingency

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

* * * * *

Bedford Stuyvesant New Beginnings Charter School

Uniform Guidance
Schedules and Reports

June 30, 2024

Bedford Stuyvesant New Beginnings Charter School

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Pass-Through New York State Education Department:				
Child and Adult Care Food Program	10.558	not available	$ -	$ 143,040
Pass-Through New York State Education Department:				
Child Nutrition Cluster:				
Fresh Fruit and Vegetable Program	10.582	not available	-	34,370
School Breakfast Program	10.553	not available	-	108,506
National School Lunch Program	10.555	not available	-	689,748
Total Child Nutrition Cluster			-	832,624
Total U.S. Department of Agriculture			-	975,664
U.S. Department of Education				
Pass-Through New York State Education Department:				
Title I Grants to Local Educational Agencies	84.010	0021244725	-	351,765
Charter Schools	84.282	0089249021	-	749,365
English Language Acquisition State Grants	84.365	0293244725	-	26,886
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147244725	-	45,274
Student Support and Academic Enrichment Program	84.424	0204244725	-	28,013
Special Education Cluster (IDEA)-Cluster				
Pass-Through New York State Education Department:				
COVID-19 - Special Education Grants to States	84.027	not available	-	34,913
Total U.S. Department of Education			-	1,236,216
Total Expenditures of Federal Awards			$ -	$ 2,211,880

See independent auditors' report and notes to schedule of expenditures of federal awards

Bedford Stuyvesant New Beginnings Charter School

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

1. Basis of Presentation

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

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.

3. Indirect Cost Rate

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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*

Independent Auditors' Report

Board of Trustees
Bedford Stuyvesant New Beginnings Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bedford Stuyvesant New Beginnings Charter School (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Harrison, New York
October 31, 2024

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

Board of Trustees
Bedford Stuyvesant New Beginnings Charter School

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bedford Stuyvesant New Beginnings Charter School's (the "School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2024. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School 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, 2024.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School 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 the School'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 the School's federal programs.

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

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

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

PKF O'Connor Davies, LLP

Harrison, New York
October 31, 2024

Bedford Stuyvesant New Beginnings Charter School

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	X no
Significant deficiency(ies) identified?	_____ yes	X none reported
Noncompliance material to the financial statements noted?	_____ yes	X no

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	_____ yes	X no
Significant deficiency(ies) identified?	_____ yes	X none reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	X no

Identification of major federal programs:

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
84.282	Charter Schools

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	X yes _____ no

Section II – Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2024.

Section III – Federal Award Findings and Questioned Costs

During our audit, we noted no material instance of noncompliance and none of the costs tested which were reported in the federal financially assisted programs are questioned or recommended to be disallowed.

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Board of Trustees
Bedford Stuyvesant New Beginnings Charter School

Auditors' Communication on Internal Control

In planning and performing our audit of the financial statements of Bedford Stuyvesant New Beginnings Charter School (the "School") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the School'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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the audit committee, the Board of Trustees, the Department of Education of the City of New York, the State Education Department of the State University of New York, and others within the School, and is not intended to be and should not be used by anyone other than these specified parties.

PKF O'Connor Davies, LLP

Harrison, New York
October 31, 2024

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