Bedford Stuyvesant New Beginnings Charter Schools

Financial Statements

June 30, 2026 and 2025

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Trustees
Bedford Stuyvesant New Beginnings Charter Schools

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bedford Stuyvesant New Beginnings Charter Schools (the "School") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2026, 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, 2026 and 2025, 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.

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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 schedules of activities and functional expenses by charter for the year ended June 30, 2026 on pages 20 through 22 are presented for purposes of additional analysis and are 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 28, 2026, 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 28, 2026

Bedford Stuyvesant New Beginnings Charter Schools

Statements of Financial Position

	June 30, 2026	June 30, 2025
ASSETS		
Current Assets		
Cash	$ 1,866,150	$ 219,716
Grants and contracts receivable	521,480	586,898
Prepaid expenses and other current assets	196,128	32,135
Total Current Assets	2,583,758	838,749
Property and equipment, net	2,005,520	1,958,217
Right of use assets - operating leases, net	18,148,163	23,662,902
Right of use assets - finance leases, net	20,738	37,328
Restricted cash	150,000	76,842
Security deposits	1,075,449	856,165
	$ 23,983,628	$ 27,430,203
LIABILITIES AND NET ASSETS (DEFICIT)		
Current Liabilities		
Accounts payable and accrued expenses	$ 1,163,504	$ 771,188
Accrued payroll and payroll taxes	893,996	683,807
Operating lease liabilities	5,782,483	4,356,084
Finance lease liabilities	17,026	16,438
Line of credit	8,300	-
Refundable advances	338,032	332,632
Due to related party	997	688,988
Total Current Liabilities	8,204,338	6,849,137
Operating lease liabilities, less current portion	15,820,291	21,602,774
Finance lease liabilities, less current portion	4,351	21,377
Total Liabilities	24,028,980	28,473,288
Net Assets (Deficit)		
Without donor restrictions	(195,352)	(1,217,085)
With donor restrictions	150,000	174,000
Total Net Assets (Deficit)	(45,352)	(1,043,085)
	$ 23,983,628	$ 27,430,203

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter Schools

Statement of Activities
Year Ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
State and Local Per Pupil Operating Revenue			
General education	$ 20,221,957	$ -	$ 20,221,957
Special education	3,705,695	-	3,705,695
Facilities	3,851,529	-	3,851,529
Federal grants	2,985,378	-	2,985,378
State and city grants	301,687	-	301,687
Total Operating Revenue	31,066,246	-	31,066,246
EXPENSES			
Program Services			
Regular education	20,722,058	-	20,722,058
Special education	6,180,792	-	6,180,792
Supplementary education	1,447,116	-	1,447,116
Total Program Services	28,349,966	-	28,349,966
Supporting Services			
Management and general	3,739,399	-	3,739,399
Fundraising	82,526	-	82,526
Total Expenses	32,171,891	-	32,171,891
(Deficit) from Operations	(1,105,645)	-	(1,105,645)
SUPPORT AND OTHER REVENUE			
Contributions and private grants	1,055,950	150,000	1,205,950
Related party contributions	750,000	-	750,000
Other income	147,428	-	147,428
Net assets released from restrictions	174,000	(174,000)	-
Total Support and Other Revenue	2,127,378	(24,000)	2,103,378
Change in Net Assets (Deficit)	1,021,733	(24,000)	997,733
NET ASSETS (DEFICIT)			
Beginning of year	(1,217,085)	174,000	(1,043,085)
End of year	$ (195,352)	$ 150,000	$ (45,352)

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter Schools

Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
State and Local Per Pupil Operating Revenue			
General education	$ 15,732,005	$ -	$ 15,732,005
Special education	2,883,108	-	2,883,108
Facilities	2,279,424	-	2,279,424
Federal grants	1,787,496	-	1,787,496
State and city grants	294,068	-	294,068
Donated goods	47,783	-	47,783
Total Operating Revenue	23,023,884	-	23,023,884
EXPENSES			
Program Services			
Regular education	18,888,425	-	18,888,425
Special education	5,521,943	-	5,521,943
Supplementary education	1,269,401	-	1,269,401
Total Program Services	25,679,769	-	25,679,769
Supporting Services			
Management and general	4,426,940	-	4,426,940
Fundraising	31,422	-	31,422
Total Expenses	30,138,131	-	30,138,131
(Deficit) from Operations	(7,114,247)	-	(7,114,247)
SUPPORT AND OTHER REVENUE			
Contributions and private grants	1,254,178	-	1,254,178
Gain on transfer of lease to related party	2,525,794	-	2,525,794
Other income	19,935	-	19,935
Net assets released from restrictions	262,000	(262,000)	-
Total Support and Other Revenue	4,061,907	(262,000)	3,799,907
Change in Net Assets (Deficit)	(3,052,340)	(262,000)	(3,314,340)
NET ASSETS (DEFICIT)			
Beginning of year	-	-	-
Acquisition of net assets pursuant to merger of related charter school	1,835,255	436,000	2,271,255
End of year	$ (1,217,085)	$ 174,000	$ (1,043,085)

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter Schools

Statement of Functional Expenses
Year Ended June 30, 2026

	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	25	$ 1,886,381	$ 573,725	$ -	$ 2,460,106	$ 762,974	$ 8,463	$ 3,231,543
Instructional personnel	122	7,350,706	2,151,223	739,564	10,241,493	-	-	10,241,493
Non - instructional personnel	7	310	93	-	403	1,010,766	-	1,011,169
Total Personnel Service Cost	154	9,237,397	2,725,041	739,564	12,702,002	1,773,740	8,463	14,484,205
Fringe benefits and payroll taxes		1,842,140	529,002	145,561	2,516,703	356,226	1,712	2,874,641
Retirement		149,519	42,362	11,738	203,619	29,013	139	232,771
Legal services		-	-	-	-	12,061	-	12,061
Accounting and auditing services		-	-	-	-	72,408	-	72,408
Other professional and consulting services		1,186,462	355,189	28,244	1,569,895	196,175	60,732	1,826,802
Building and land rent		4,146,293	1,322,206	341,272	5,809,771	739,445	3,764	6,552,980
Repairs and maintenance		74,290	21,411	5,881	101,582	14,352	69	116,003
Insurance		172,279	47,648	13,370	233,297	33,631	163	267,091
Utilities		11,964	3,439	946	16,349	2,313	11	18,673
Supplies and materials		958,944	291,470	53,822	1,304,236	-	-	1,304,236
Staff development		351,451	97,793	17,076	466,320	137,010	203	603,533
Marketing and recruiting		521,298	126,676	38,122	686,096	102,881	523	789,500
Technology		64,285	18,538	5,090	87,913	12,418	61	100,392
Food service		899,239	268,019	-	1,167,258	-	-	1,167,258
Student service		524,848	157,661	-	682,509	-	-	682,509
Office expense		141,611	36,388	10,115	188,114	173,713	6,297	368,124
Depreciation and amortization		392,600	124,715	32,619	549,934	73,843	345	624,122
Other		47,438	13,234	3,696	64,368	10,170	44	74,582
Total Expenses		$ 20,722,058	$ 6,180,792	$ 1,447,116	$ 28,349,966	$ 3,739,399	$ 82,526	$ 32,171,891

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter Schools

Statement of Functional Expenses
Year Ended June 30, 2025

	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	19	$ 1,983,164	$ 552,430	$ -	$ 2,535,594	$ 766,034	$ 8,218	$ 3,309,846
Instructional personnel	118	5,717,988	1,721,092	595,550	8,034,630	-	-	8,034,630
Non - instructional personnel	7	-	-	102,425	102,425	1,000,584	-	1,103,009
Total Personnel Service Cost	144	7,701,152	2,273,522	697,975	10,672,649	1,766,618	8,218	12,447,485
Fringe benefits and payroll taxes		1,742,412	515,750	115,792	2,373,954	395,793	1,809	2,771,556
Retirement		144,234	42,800	9,622	196,656	32,455	146	229,257
Legal services		-	-	-	-	18,856	-	18,856
Accounting and auditing services		-	-	-	-	77,535	-	77,535
Other professional and consulting services		1,241,088	346,799	4,729	1,592,616	267,322	-	1,859,938
Building and land rent		4,130,853	1,216,957	272,527	5,620,337	959,438	-	6,579,775
Repairs and maintenance		330,009	99,899	22,696	452,604	68,840	-	521,444
Insurance		129,422	38,182	8,557	176,161	29,903	-	206,064
Utilities		60,521	18,424	4,198	83,143	12,323	-	95,466
Supplies and materials		1,285,276	375,172	15,771	1,676,219	48,938	-	1,725,157
Staff development		335,376	95,978	5,492	436,846	141,905	-	578,751
Marketing and recruiting		349,611	84,956	25,567	460,134	68,998	351	529,483
Technology		141,597	42,640	9,661	193,898	30,188	-	224,086
Food service		504,621	148,065	33,086	685,772	118,943	-	804,715
Student service		198,793	58,023	6,244	263,060	19,184	-	282,244
Office expense		100,289	14,795	3,327	118,411	268,838	20,898	408,147
Depreciation and amortization		486,725	148,096	33,736	668,557	99,324	-	767,881
Other		6,446	1,885	421	8,752	1,539	-	10,291
Total Expenses		$ 18,888,425	$ 5,521,943	$ 1,269,401	$ 25,679,769	$ 4,426,940	$ 31,422	$ 30,138,131

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter Schools

Statements of Cash Flows

	Year Ended June 30,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (deficit)	$ 997,733	$ (3,314,340)
Adjustments to reconcile change in net assets (deficit) to net cash from operating activities		
Depreciation and amortization	607,532	755,438
Amortization of right of use assets - operating leases	5,514,739	5,367,787
Amortization of right of use assets - finance leases	16,590	12,443
Gain on transfer of lease to related party	-	(2,525,794)
Changes in operating assets and liabilities, net of merger		
Grants and contracts receivable	65,418	952,230
Prepaid expenses and other current assets	(163,993)	40,322
Security deposits	(219,284)	-
Accounts payable and accrued expenses	392,316	364,565
Accrued payroll and payroll taxes	210,189	52,724
Operating lease liabilities	(4,356,084)	(3,071,831)
Refundable advances	5,400	332,632
Due to related party	(687,991)	688,988
Net Cash from Operating Activities	2,382,565	(344,836)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(654,835)	(596,265)
Cash acquired from merger of related charter school	-	1,249,615
Net Cash from Investing Activities	(654,835)	653,350
CASH FLOWS FROM FINANCING ACTIVITY		
Principal payments on finance lease liabilities	(16,438)	(11,956)
Proceeds from line of credit	8,300	-
Net Cash from Financing Activities	(8,138)	(11,956)
Net Change in Cash and Restricted Cash	1,719,592	296,558
CASH AND RESTRICTED CASH		
Beginning of year	296,558	-
End of year	$ 2,016,150	$ 296,558

See notes to financial statements

1. Organization and Tax Status

Bedford Stuyvesant New Beginnings Charter Schools 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 accompanying financial statements include the following charter schools, collectively referred to as the "School":

Bedford Stuyvesant New Beginnings Charter School ("BSNB") was initially granted a provisional 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"). BSNB opened in the fall of 2010. The Board of Regents approved and issued several renewals to BSNB's charter, now expiring June 30, 2028.

Bedford Stuyvesant New Beginnings Charter School 2 ("BSNB 2") was granted a provisional charter on October 12, 2023 valid for a term of five years expiring June 30, 2028 and renewable upon expiration by the Board of Regents. BSNB 2 opened in the fall of 2024.

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. The School provided education to approximately 1,013 students in kindergarten through tenth grade during the 2025-2026 academic year.

BSNB and BSNB 2 merged into a single not-for-profit legal entity under BSNB 2, 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 BSNB 2'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 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 on the statements of activities as net assets released from restrictions.

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 on the statements of cash flows at June 30,

	2026	2025
Cash	$1,866,150	$ 219,716
Restricted cash	150,000	76,842
	$2,016,150	$ 296,558

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of $5,000 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 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. There were no asset impairments for the years ended June 30, 2026 and 2025.

Leases

The School accounts for leases under Topic 842. The School determines if an arrangement is a lease at inception. Operating and finance leases are included in operating and finance lease right of use ("ROU") assets and operating and finance 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.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the 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 ROU assets include 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. Finance 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, 2026 and 2025 was $789,500 and $789,500.

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's tax returns, including those of BSNB, are subject to examination for periods since 2023.

Reclassifications

Certain amounts in the accompanying 2025 financial statements have been reclassified to conform to the 2026 presentation. These reclassifications had no effect on the previously reported financial statements.

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

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 28, 2026.

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. Conditional Promise to Give

During the year ended June 30, 2026, the School was awarded a conditional grant with maximum funding of $450,000, subject to donor imposed restrictions and conditions related to specific milestones and time periods. Since the grant represents a conditional promise to give, it was not recorded as grant revenue until donor conditions are met. During the year ended June 30, 2026, revenue recognized under this grant totaled $150,000. At June 30, 2026, the remaining balance of this conditional promise to give was $300,000.

5. Related Party Transactions (not disclosed elsewhere)

The School is related to 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 two sublease agreements with FOBS for office and classroom facilities (Note 14). A lease agreement for a facility used by BSNB was transferred to FOBS and a new sublease agreement was entered into between FOBS and the School during the year ended June 30, 2025. As a result of the transfer, an unamortized right-of-use asset of $6,928,206 and the corresponding lease liability of $9,454,000 was written off resulting in a non-operating net gain of $2,525,794 which is reported as gain on transfer of lease to related party on the statement of activities for the year ended June 30, 2025. Rent expense paid to FOBS under the sublease agreements totaled $6,552,980 and $6,579,775 for the years ended June 30, 2026 and 2025. Security deposits held by FOBS on behalf of the School totaled $991,754 and $772,470 at June 30, 2026 and 2025.

On December 15, 2025, FOBS entered into a grant agreement with the School to provide funding to support the School's general daily operations and educational programming for one year. Accordingly, $750,000 has been recognized as related party contributions in the accompanying statement of activities for the year ended June 30, 2026.

As of June 30, 2026 and 2025, $997 and $688,988, was due to FOBS from the School. The amounts bear no interest and there are no specified repayment terms.

6. Property and Equipment

Property and equipment consists of the following at June 30:

	2026	2025
Computers and equipment	$ 1,885,452	$ 2,171,667
Furniture and fixtures	997,711	973,307
Leasehold improvements	4,208,686	3,870,752
Software	-	81,936
	7,091,849	7,097,662
Accumulated depreciation and amortization	(5,086,329)	(5,139,445)
	$ 2,005,520	$ 1,958,217

Property and equipment with a cost basis and accumulated depreciation of $660,648 were disposed during the year ended June 30, 2026. There were no disposals during the year ended June 30, 2025.

7. 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 date, are comprised of the following at June 30:

	2026	2025
Cash	$ 1,866,150	$ 219,716
Grants and contracts receivable	521,480	586,898
Total Financial Assets	2,387,630	806,614
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	150,000	174,000
	$ 2,237,630	$ 632,614

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 12). In addition, the School has a $50,000 line of credit, which it could draw upon (see Note 8).

8. 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. Outstanding balances under the line of credit totaled $8,300 and $0 as of June 30, 2026 and 2025.

9. Donated Goods

Donated goods are recorded at their fair value when received. The School received food service goods for the year ended June 30, 2026, at no charge. The value of these goods meets the criteria for recognition in the financial statements and were recorded at fair value of $- for the year ended June 30, 2026. Fair value is estimated using market value of similar goods available for purchase by the School. The food service goods were used for program services, and the value of these donated goods are included in supplies and materials in the accompanying statement of functional expenses. No donated goods were received during the year ended June 30, 2026. There were no donor-imposed restrictions associated with the donated goods.

10. 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. Employer matching contributions for the years ended June 30, 2026 and 2025 amounted to $232,775 and $232,775.

11. 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. At June 30, 2026 and 2025, approximately $1,766,000 and $50,000 of cash was maintained with an institution in excess of FDIC limits.

12. 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, 2026 and 2025, the School received approximately 84% and 78% 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.

13. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	2026	2025
New York City Charter Literacy Consortium	$ 150,000	$ -
Passage of time	-	174,000
	$ 150,000	$ 174,000

Net assets of $174,000 and $262,000 were released from restrictions during the years ended June 30, 2026 and 2025 for the passage of time.

14. Commitments

Leases – Operating

On September 1, 2010, BSNB entered into a non-cancelable operating lease for office and classroom space for its elementary and middle school location expiring on June 30, 2030. On July 1, 2024, the operating lease for the elementary and middle school location was transferred to FOBS and a new sublease agreement between FOBS and the School was entered into for the period of 5 years ending June 30, 2029. In accordance with the sublease agreement, the School paid a $75,000 security deposit in connection with the agreement. Under the terms of the sublease agreement, the School was required to deposit an additional security deposit of $219,284 on or before July 1, 2025. The additional security deposit was paid during the year ended June 30, 2026.

In May 2024, the School entered into a second operating sublease agreement with FOBS for office and classroom space for the high school location effective July 1, 2024 and will expire on June 30, 2029. In accordance with the sublease agreement, the School paid a $772,470 security deposit in May 2024.

Rent expense for the years ended June 30, 2026 and 2025 was $6,552,980 and $6,579,775.

The School entered into three separate operating leases for copier and printer equipment with various termination dates through October 2025. Leased equipment expense for the years ended June 30, 2026 and 2025 was $99,362 and $56,620.

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

2027	$	6,600,492
2028		7,990,812
2029		8,522,244
Total minimum lease payments		23,113,548
Present value discount		(1,510,774)
Present value of operating lease liability		21,602,774
Current portion		(5,782,483)
Operating lease liabilities, less current portion	$	15,820,291

14. Commitments *(continued)*

Leases – Operating (continued)

ROU assets consist of the following at June 30:

	2026	2025
ROU assets - operating lease	$ 29,081,967	$ 29,081,967
Accumulated amortization	(10,933,804)	(5,419,065)
	$ 18,148,163	$ 23,662,902
Weighted average remaining lease term years	3.00 years	4.00 years
Weighted average discount rate	4.44%	4.44%

Supplemental cash flow disclosures are as follows for the years ended June 30:

	2026	2025
Cash paid for amounts included in the measurement of lease liability	$ 5,400,644	$ 3,928,099
Operating lease right-of-use asset obtained in exchange for operating lease liabilities	-	28,999,284

Leases – Finance

In October 2024, the School entered into two separate finance leases for copier and printer equipment with termination dates in September 2027. Lease amortization expense and lease interest expense for the years ended June 30, 2026 and 2025 were $16,590 and $12,443, and $1,016 and $1,975, respectively.

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

2027	$ 17,454
2028	4,364
Total minimum lease payments	21,818
Present value discount	(441)
Present value of finance lease liability	21,377
Current portion	(17,026)
Finance lease liabilities, less current portion	$ 4,351

14. Commitments *(continued)*

Leases – Finance (continued)

ROU assets consist of the following at June 30:

	2026	2025
ROU assets - finance lease	$ 49,771	$ 49,771
Accumulated amortization	(29,033)	(12,443)
	$ 20,738	$ 37,328
Weighted average remaining lease term years	1.25 years	2.25 years
Weighted average discount rate	3.52%	3.52%

Supplemental cash flow disclosures are as follows for the years ended June 30:

	2026	2025
Interest paid	$ 1,016	$ 1,136
Principal paid	16,390	
Finance lease right-of-use asset obtained in exchange for finance lease liabilities	-	49,771

15. 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 Schools

Supplementary Information

June 30, 2026

Bedford Stuyvesant New Beginnings Charter Schools

Schedule of Activities by Charter
Year Ended June 30, 2026

	BSNB			BSNB 2	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Total
OPERATING REVENUE					
State and Local Per Pupil Operating Revenue					
General education	$ 15,752,196	$ -	$ 15,752,196	$ 4,469,761	$ 20,221,957
Special education	3,164,940	-	3,164,940	540,755	3,705,695
Facilities	2,517,481	-	2,517,481	1,334,048	3,851,529
Federal grants	1,906,380	-	1,906,380	1,078,998	2,985,378
State and city grants	298,050	-	298,050	3,637	301,687
Total Operating Revenue	23,639,047	-	23,639,047	7,427,199	31,066,246
EXPENSES					
Program Services					
Regular education	16,611,625	-	16,611,625	4,110,433	20,722,058
Special education	5,438,389	-	5,438,389	742,403	6,180,792
Supplementary education	1,240,821	-	1,240,821	206,295	1,447,116
Total Program Services	23,290,835	-	23,290,835	5,059,131	28,349,966
Supporting Services					
Management and general	2,939,433	-	2,939,433	799,966	3,739,399
Fundraising	63,495	-	63,495	19,031	82,526
Total Expenses	26,293,763	-	26,293,763	5,878,128	32,171,891
(Deficit)/Surplus from Operations	(2,654,716)	-	(2,654,716)	1,549,071	(1,105,645)
SUPPORT AND OTHER REVENUE					
Contributions and private grants	781,024	150,000	931,024	274,926	1,205,950
Related party contributions	750,000	-	750,000	-	750,000
Other income	131,202	-	131,202	16,226	147,428
Net assets released from restrictions	174,000	(174,000)	-	-	-
Total Support and Other Revenue	1,836,226	(24,000)	1,812,226	291,152	2,103,378
Change in Net Assets (Deficit)	(818,490)	(24,000)	(842,490)	1,840,223	997,733
NET ASSETS (DEFICIT)					
Beginning of year	(802,280)	174,000	(628,280)	(414,805)	(1,043,085)
End of year	$ (1,620,770)	$ 150,000	$ (1,470,770)	$ 1,425,418	$ (45,352)

See independent auditors' report

Bedford Stuyvesant New Beginnings Charter Schools

Schedule of Functional Expenses
Bedford Stuyvesant New Beginnings Charter School
Year Ended June 30, 2026

	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	20	$ 1,507,249	$ 484,614	$ -	$ 1,991,863	$ 582,506	$ 6,428	$ 2,580,797
Instructional personnel	98	5,959,316	1,966,724	630,969	8,557,009	-	-	8,557,009
Non - instructional personnel	6	231	75	-	306	808,109	-	808,415
Total Personnel Service Cost	124	7,466,796	2,451,413	630,969	10,549,178	1,390,615	6,428	11,946,221
Fringe benefits and payroll taxes		1,405,997	461,601	118,811	1,986,409	261,853	1,211	2,249,473
Retirement		110,809	36,380	9,364	156,553	20,637	95	177,285
Legal services		-	-	-	-	518	-	518
Accounting and auditing services		-	-	-	-	55,030	-	55,030
Other professional and consulting services		926,319	301,662	23,413	1,251,394	146,117	46,151	1,443,662
Building and land rent		3,642,061	1,195,720	307,766	5,145,547	678,297	3,136	5,826,980
Repairs and maintenance		57,143	18,761	4,829	80,733	10,642	49	91,424
Insurance		120,987	39,721	10,224	170,932	22,532	104	193,568
Utilities		9,150	3,004	773	12,927	1,704	8	14,639
Supplies and materials		765,617	247,665	52,370	1,065,652	-	-	1,065,652
Staff development		220,334	72,056	13,695	306,085	88,950	140	395,175
Marketing and recruiting		265,381	87,127	22,426	374,934	47,805	229	422,968
Technology		49,512	16,255	4,184	69,951	9,221	44	79,216
Food service		663,206	214,537	-	877,743	-	-	877,743
Student service		399,776	129,321	-	529,097	-	-	529,097
Office expense		106,020	31,016	7,983	145,019	129,618	5,554	280,191
Depreciation and amortization		368,550	120,998	31,144	520,692	68,639	317	589,648
Other		33,967	11,152	2,870	47,989	7,255	29	55,273
Total Expenses		$ 16,611,625	$ 5,438,389	$ 1,240,821	$ 23,290,835	$ 2,939,433	$ 63,495	$ 26,293,763

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Bedford Stuyvesant New Beginnings Charter Schools

Schedule of Functional Expenses
Bedford Stuyvesant New Beginnings Charter School 2
Year Ended June 30, 2026

	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	5	$ 379,132	$ 89,111	$ -	$ 468,243	$ 180,468	$ 2,035	$ 650,746
Instructional personnel	24	1,391,390	184,499	108,595	1,684,484	-	-	1,684,484
Non - instructional personnel	1	79	18	-	97	202,657	-	202,754
Total Personnel Service Cost	30	1,770,601	273,628	108,595	2,152,824	383,125	2,035	2,537,984
Fringe benefits and payroll taxes		436,143	67,401	26,750	530,294	94,373	501	625,168
Retirement		38,710	5,982	2,374	47,066	8,376	44	55,486
Legal services		-	-	-	-	11,543	-	11,543
Accounting and auditing services		-	-	-	-	17,378	-	17,378
Other professional and consulting services		260,143	53,527	4,831	318,501	50,058	14,581	383,140
Building and land rent		504,232	126,486	33,506	664,224	61,148	628	726,000
Repairs and maintenance		17,147	2,650	1,052	20,849	3,710	20	24,579
Insurance		51,292	7,927	3,146	62,365	11,099	59	73,523
Utilities		2,814	435	173	3,422	609	3	4,034
Supplies and materials		193,327	43,805	1,452	238,584	-	-	238,584
Staff development		131,117	25,737	3,381	160,235	48,060	63	208,358
Marketing and recruiting		255,917	39,549	15,696	311,162	55,076	294	366,532
Technology		14,773	2,283	906	17,962	3,197	17	21,176
Food service		236,033	53,482	-	289,515	-	-	289,515
Student service		125,072	28,340	-	153,412	-	-	153,412
Office expense		35,591	5,372	2,132	43,095	44,095	743	87,933
Depreciation and amortization		24,050	3,717	1,475	29,242	5,204	28	34,474
Other		13,471	2,082	826	16,379	2,915	15	19,309
Total Expenses		$ 4,110,433	$ 742,403	$ 206,295	$ 5,059,131	$ 799,966	$ 19,031	$ 5,878,128

See independent auditors' report

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 Schools

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 Schools (the "School") (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 28, 2026.

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 28, 2026

Bedford Stuyvesant New Beginnings Charter Schools

Independent Auditors' Report on Communication of
Internal Control Matters

June 30, 2026

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

The Board of Trustees
Bedford Stuyvesant New Beginnings Charter Schools

In planning and performing our audit of the financial statements of Bedford Stuyvesant New Beginnings Charter Schools (the "School") as of and for the year ended June 30, 2026, 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 School'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 material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our observation and recommendation for strengthening internal control and improving operating efficiency are presented in Addendum A to this letter.

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

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by the personnel of the School during our audit.

PKF O'Connor Davies, LLP

Harrison, New York
October 28, 2026

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Addendum A

Other Observations and Recommendations for Strengthening Internal Control and/or Operating Efficiency

1. General Ledger Maintenance and Account Analysis

During our audit, we noted that general ledger accounts were not consistently reconciled and analyzed on a timely basis, and that supporting documentation for account balances was not adequately maintained. We also noted that improvements are needed in the financial statement closing process and completion of the audit package. Numerous adjusting journal entries were recorded after audit fieldwork began to correct account balances. These conditions increase the risk that errors or omissions will not be detected and corrected promptly and that financial reports used by management and the Board of Trustees may be inaccurate or incomplete.

We recommend that management establish a documented monthly and year-end closing process with assigned responsibilities and completion deadlines. This process should include reconciling significant statement of financial position accounts to supporting records, reviewing revenue and expense accounts for unusual activity, and promptly investigating and resolving discrepancies. We recommend that the finance team document the review of year-end account reconciliations and supporting schedules and address any outstanding items as part of preparing the audit package.