Bedford Stuyvesant New Beginnings Charter Schools

Financial Statements

June 30, 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 statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statements of activities and functional expenses by charter for the year ended June 30, 2025 on pages 18 through 20 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 31, 2025, 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, 2025

Bedford Stuyvesant New Beginnings Charter Schools

Statemen of Financial Position
June 30, 2025

ASSETS	
Current Assets	
Cash	$ 219,716
Grants and contracts receivable	586,898
Prepaid expenses and other current assets	32,135
Total Current Assets	838,749
Property and equipment, net	1,958,217
Right of use assets - operating leases, net	23,662,902
Right of use assets - finance leases, net	37,328
Restricted cash	76,842
Security deposits	856,165
	$ 27,430,203
LIABILITIES AND NET ASSETS (DEFICIT)	
Current Liabilities	
Accounts payable and accrued expenses	$ 771,188
Accrued payroll and payroll taxes	683,807
Operating lease liabilities	4,356,084
Finance lease liabilities	16,438
Refundable advances	332,632
Due to related party	688,988
Total Current Liabilities	6,849,137
Operating lease liabilities, less current portion	21,602,774
Finance lease liabilities, less current portion	21,377
Total Liabilities	28,473,288
Net Assets (deficit)	
Without donor restrictions	(1,217,085)
With donor restrictions	174,000
Total Net Assets (Deficit)	(1,043,085)
	$ 27,430,203

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
Total Operating Revenue	22,976,101	-	22,976,101
EXPENSES			
Program Services			
Regular education	18,538,814	-	18,538,814
Special education	5,436,987	-	5,436,987
Supplementary education	1,243,834	-	1,243,834
Total Program Services	25,219,635	-	25,219,635
Supporting Services			
Management and general	4,887,425	-	4,887,425
Fundraising	31,071	-	31,071
Total Expenses	30,138,131	-	30,138,131
(Deficit) from Operations	(7,162,030)	-	(7,162,030)
SUPPORT AND OTHER REVENUE			
Contributions and private grants	1,254,178	-	1,254,178
Donated goods	47,783	-	47,783
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	4,109,690	(262,000)	3,847,690
Change in Net Assets (Deficit)	(3,052,340)	(262,000)	(3,314,340)
NET ASSETS (DEFICIT)			
Beginning of year	-	-	-
Acquistion of net assets pursant 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, 2025

	No. of Positions	Program Services				Management and General	Fundraising	Total
		Regular Education	Special Education	Supplementary Education	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		-	-	-	-	529,483	-	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		$ 18,538,814	$ 5,436,987	$ 1,243,834	$ 25,219,635	$ 4,887,425	$ 31,071	$ 30,138,131

See notes to financial statements

Bedford Stuyvesant New Beginnings Charter Schools

Statement of Cash Flows
Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets (deficit)	$ (3,314,340)
Adjustments to reconcile change in net assets (deficit)	
to net cash from operating activities	
Depreciation and amortization	755,438
Amortization of right of use assets - operating leases	5,367,787
Amortization of right of use assets - finance leases	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	952,230
Prepaid expenses and other current assets	40,322
Accounts payable and accrued expenses	364,565
Accrued payroll and payroll taxes	52,724
Operating lease liabilities	(3,071,831)
Refundable advances	332,632
Due to related party	688,988
Net Cash from Operating Activities	(344,836)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(596,265)
Cash acquired from merger of related charter school	1,249,615
Net Cash from Investing Activities	653,350
CASH FLOWS FROM FINANCING ACTIVITY	
Principal payments on finance lease liabilities	(11,956)
Net Change in Cash and Restricted Cash	296,558
CASH AND RESTRICTED CASH	
Beginning of year	-
End of year	$ 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 823 students in kindergarten through ninth grade during the 2024-2025 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 in the statement 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 statement of financial position to the amounts presented in the statement of cash flows at June 30, 2025:

Cash	$ 219,716
Restricted cash	76,842
	$ 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 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 year ended June 30, 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 lease liabilities on the accompanying statement 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 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 year ended June 30, 2025 was $529,483.

Measure of Operations

The statement 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 subject to examinations by the applicable taxing jurisdictions for years since inception. BSNB's tax returns are subject to examination for periods since 2022.

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 Ocotber 31, 2025.

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 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 13). A lease agreement for a facility used by BSNB during the year ended June 30, 2024 was transferred to FOBS and a new sublease agreement was entered into between FOBS and the School. 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.

As of June 30, 2025, $688,988 was due to FOBS from the School.

5. Property and Equipment

Property and equipment consists of the following at June 30, 2025:

Computers and equipment	$ 2,171,667
Furniture and fixtures	973,307
Leasehold improvements	3,870,753
Software	81,936
	7,097,663
Accumulated depreciation and amortization	(5,139,446)
	$ 1,958,217

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 statement of financial position date, are comprised of the following at June 30, 2025:

Cash	$ 219,716
Grants and contracts receivable	586,898
Total Financial Assets	806,614
Less amounts unavailable for general expenditure:	
Net assets with donor restrictions	174,000
	$ 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 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, 2025.

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, 2025, at no charge. The value of these goods meets the criteria for recognition in the financial statements and were recorded at fair value of $47,783 for the year ended June 30, 2025. Fair value is estimated using market value of similar goods available for purchase by the School. The food service goods will be used for program services, and the value of these donated goods are included in supplies and materials in the accompanying statement 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 year ended June 30, 2025 amounted to $219,630.

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, 2025, approximately $50,000 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 year ended June 30, 2025, the School received approximately 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.

12. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2025 consists of a grant receivable in the amount of $174,000 restricted due to passage of time. Net assets of $262,000 with donor restrictions were released during the year ended June 30, 2025.

13. 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 BSNB paid a $75,000 security deposit in connection with the original lease agreement.

In May 2024, the BSNB 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, BSNB paid a $772,470 security deposit in May 2024.

Rent expense for the year ended June 30, 2025 was $6,579,775.

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 year ended June 30, 2025 was $56,620.

13. Commitments *(continued)*

Leases – Operating (continued)

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

2026	$	5,400,644
2027		6,600,492
2028		7,990,812
2029		8,522,244
Total minimum lease payments		28,514,192
Present value discount		(2,555,334)
Present value of operating lease liability		25,958,858
Current portion		(4,356,084)
Operating lease liabilities, less current portion	$	21,602,774

ROU assets consist of the following at June 30, 2025:

ROU assets - operating lease	$	29,081,967
Accumulated amortization		(5,419,065)
	$	23,662,902

Weighted average remaining lease term	4.00 years
Weighted average discount rate	4.44%

Supplemental cash flow disclosures are as follows at June 30, 2025:

Cash paid for amounts included in the measurement of lease liability	$	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 year ended June 30, 2025 was $12,443 and $1,975.

13. Commitments *(continued)*

Leases – Finance (continued)

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

2026	$	17,454
2027		17,454
2028		4,364
Total minimum lease payments		39,272
Present value discount		(1,457)
Present value of finance lease liability		37,815
Current portion		(16,438)
Operating lease liabilities, less current portion	$	21,377

ROU assets consist of the following at June 30, 2025:

ROU assets - operating lease	$	49,771
Accumulated amortization		(12,443)
	$	37,328

Weighted average remaining lease term	2.25 years
Weighted average discount rate	3.52%

Supplemental cash flow disclosures are as follows at June 30, 2025:

Interest paid	$	1,136
Finance lease right-of-use asset obtained in exchange for finance lease liabilities		49,771

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.

15. Merger with Bedford Stuyvesant New Beginnings Charter School

As stated in Note 1, on March 29, 2024, BSNB and BSNB 2 entered into an agreement and plan of merger effective July 1, 2024. Under the agreement, BSNB merged into and with BSNB 2, where BSNB 2 is the surviving entity and BSNB ceased to exist upon the effective date. Below is a summary of opening balances as of July 1, 2024 of BSNB:

ASSETS	
Cash	$ 1,172,773
Grants and contracts receivable	1,539,128
Prepaid expenses and other current assets	72,457
Property and equipment, net	2,117,390
Right of use assets - operating leases, net	6,959,611
Restricted cash	76,842
Security deposits	856,165
	$ 12,794,366
LIABILITIES AND NET ASSETS	
Accounts payable and accrued expenses	$ 406,623
Accrued payroll and payroll taxes	631,083
Operating lease liabilities	9,485,405
Total Liabilities	10,523,111
Net assets, without donor restrictions	1,835,255
Net assets, with donor restrictions	436,000
	$ 12,794,366

* * * * *

Bedford Stuyvesant New Beginnings Charter Schools

Supplementary Information

June 30, 2025

Bedford Stuyvesant New Beginnings Charter Schools

Statement of Activities by Charter
Year Ended June 30, 2025

	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	$ 12,948,582	$ -	$ 12,948,582	$ 2,783,423	$ 15,732,005
Special education	2,566,895	-	2,566,895	316,213	2,883,108
Facilities	1,449,296	-	1,449,296	830,128	2,279,424
Federal grants	1,455,863	-	1,455,863	331,633	1,787,496
State and city grants	291,719	-	291,719	2,349	294,068
Total Operating Revenue	18,712,355	-	18,712,355	4,263,746	22,976,101
EXPENSES					
Program Services					
Regular education	15,377,983	-	15,377,983	3,160,831	18,538,814
Special education	4,653,509	-	4,653,509	783,478	5,436,987
Supplementary education	1,071,258	-	1,071,258	172,576	1,243,834
Total Program Services	21,102,750	-	21,102,750	4,116,885	25,219,635
Supporting Services					
Management and general	3,745,317	-	3,745,317	1,142,108	4,887,425
Fundraising	25,403	-	25,403	5,668	31,071
Total Expenses	24,873,470	-	24,873,470	5,264,661	30,138,131
(Deficit) from Operations	(6,161,115)	-	(6,161,115)	(1,000,915)	(7,162,030)
SUPPORT AND OTHER REVENUE					
Contributions and private grants	1,227,498	-	1,227,498	26,680	1,254,178
Donated goods	47,783	-	47,783	-	47,783
Gain on transfer of lease to related party	1,970,119	-	1,970,119	555,675	2,525,794
Other income	16,180	-	16,180	3,755	19,935
Net assets released from restrictions	262,000	(262,000)	-	-	-
Total Support and Other Revenue	3,523,580	(262,000)	3,261,580	586,110	3,847,690
Change in Net Assets (Deficit)	(2,637,535)	(262,000)	(2,899,535)	(414,805)	(3,314,340)
NET ASSETS (DEFICIT)					
Beginning of year	-	-	-	-	-
Acquistion of net assets pursant to merger of related charter school	1,835,255	436,000	2,271,255	-	2,271,255
End of year	$ (802,280)	$ 174,000	$ (628,280)	$ (414,805)	$ (1,043,085)

See independent auditors' report

Bedford Stuyvesant New Beginnings Charter Schools

Statement of Functional Expenses
Bedford Stuyvesant New Beginnings Charter School
Year Ended June 30, 2025

	No. of Positions	Program Services				Management and General	Fundraising	Total
		Regular Education	Special Education	Supplementary Education	Total			
Personnel Service Cost								
Administrative staff personnel	12	$ 1,503,803	$ 443,218	$ -	$ 1,947,021	$ 508,506	$ 4,366	$ 2,459,893
Instructional personnel	97	4,748,409	1,464,671	595,550	6,808,630	-	-	6,808,630
Non - instructional personnel	6	-	-	-	-	746,898	-	746,898
Total Personnel Service Cost	115	6,252,212	1,907,889	595,550	8,755,651	1,255,404	4,366	10,015,421
Fringe benefits and payroll taxes		1,440,309	439,516	100,268	1,980,093	289,205	1,006	2,270,304
Retirement		121,254	37,001	8,441	166,696	24,347	85	191,128
Legal services		-	-	-	-	18,344	-	18,344
Accounting and auditing services		-	-	-	-	62,435	-	62,435
Other professional and consulting services		1,002,506	295,697	4,314	1,302,517	223,514	-	1,526,031
Building and land rent		3,305,420	1,008,663	230,110	4,544,193	666,015	-	5,210,208
Repairs and maintenance		314,774	96,055	21,913	432,742	63,424	-	496,166
Insurance		104,583	31,914	7,281	143,778	21,073	-	164,851
Utilities		59,682	18,212	4,155	82,049	12,025	-	94,074
Supplies and materials		1,211,229	358,783	14,954	1,584,966	43,283	-	1,628,249
Staff development		289,903	86,139	5,284	381,326	131,103	-	512,429
Marketing and recruiting		-	-	-	-	457,829	-	457,829
Technology		130,833	39,924	9,108	179,865	26,362	-	206,227
Food service		392,495	119,771	27,324	539,590	79,085	-	618,675
Student service		178,853	53,566	5,968	238,387	17,273	-	255,660
Office expense		90,444	12,841	2,929	106,214	257,176	19,946	383,336
Depreciation and amortization		478,595	146,045	33,318	657,958	96,434	-	754,392
Other		4,891	1,493	341	6,725	986	-	7,711
Total Expenses		$ 15,377,983	$ 4,653,509	$ 1,071,258	$ 21,102,750	$ 3,745,317	$ 25,403	$ 24,873,470

See independent auditors' report

Bedford Stuyvesant New Beginnings Charter Schools

Statement of Functional Expenses
Bedford Stuyvesant New Beginnings Charter School 2
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	7	$ 479,361	$ 109,212	$ -	$ 588,573	$ 257,528	$ 3,852	$ 849,953
Instructional personnel	21	969,579	256,421	-	1,226,000	-	-	1,226,000
Non - instructional personnel	1	-	-	102,425	102,425	253,686	-	356,111
Total Personnel Service Cost	29	1,448,940	365,633	102,425	1,916,998	511,214	3,852	2,432,064
Fringe benefits and payroll taxes		302,103	76,234	15,524	393,861	106,588	803	501,252
Retirement		22,980	5,799	1,181	29,960	8,108	61	38,129
Legal services		-	-	-	-	512	-	512
Accounting and auditing services		-	-	-	-	15,100	-	15,100
Other professional and consulting services		238,582	51,102	415	290,099	43,808	-	333,907
Building and land rent		825,433	208,294	42,417	1,076,144	293,423	-	1,369,567
Repairs and maintenance		15,235	3,844	783	19,862	5,416	-	25,278
Insurance		24,839	6,268	1,276	32,383	8,830	-	41,213
Utilities		839	212	43	1,094	298	-	1,392
Supplies and materials		74,047	16,389	817	91,253	5,655	-	96,908
Staff development		45,473	9,839	208	55,520	10,802	-	66,322
Marketing and recruiting		-	-	-	-	71,654	-	71,654
Technology		10,764	2,716	553	14,033	3,826	-	17,859
Food service		112,126	28,294	5,762	146,182	39,858	-	186,040
Student service		19,940	4,457	276	24,673	1,911	-	26,584
Office expense		9,845	1,954	398	12,197	11,662	952	24,811
Depreciation and amortization		8,130	2,051	418	10,599	2,890	-	13,489
Other		1,555	392	80	2,027	553	-	2,580
Total Expenses		$ 3,160,831	$ 783,478	$ 172,576	$ 4,116,885	$ 1,142,108	$ 5,668	$ 5,264,661

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, 2025, 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, 2025.

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, 2025

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Board of Trustees
Bedford Stuyvesant New Beginnings Charter Schools

Auditors' Communication on Internal Control

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, 2025, 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.

The addendum set forth below and appended to this letter, includes various matters involving internal control that we identified during our audit.

- Addendum A – Other observations and recommendations for strengthening internal control and/or operating efficiency

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, 2025

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Bedford Stuyvesant New Beginnings Charter Schools

Addendum A

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

Escrow Account for Dissolution

Under the provisions of its charter, the School is required to establish and maintain an escrow account to fund legal and audit expenses that may be incurred in the event of dissolution. The charter requires that the School must fund $75,000 for each of the first two charters.

As of June 30, 2025, the School was required to maintain a total of $100,000 in the escrow account for its two operating charters. However, we noted that the School did not transfer the additional $25,000 related to Bedford Stuyvesant New Beginnings Charter School 2's commencement of operations during fiscal year 2025.

This matter was communicated to management, who acknowledged and confirmed that a transfer of the $25,000 into the escrow account was initiated in early fiscal year 2026. Management also confirmed to us that a second $25,000 transfer will be made by June 30, 2026 to ensure compliance with the escrow funding requirements set forth in the charter agreement.