Coney Island Preparatory Public Charter School

Financial Statements

June 30, 2026 and 2025

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Trustees
Coney Island Preparatory Public Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Coney Island Preparatory Public Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2026 and 2025, 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 Coney Island Preparatory Public Charter 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 Coney Island Preparatory Public Charter 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 Coney Island Preparatory Public Charter 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 Coney Island Preparatory Public Charter 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 Coney Island Preparatory Public Charter 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.

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 Coney Island Preparatory Public Charter 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 Coney Island Preparatory Public Charter 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 Coney Island Preparatory Public Charter School's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Harrison, New York
October 28, 2026

Coney Island Preparatory Public Charter School

Statements of Financial Position

	June 30, 2026	June 30, 2025
ASSETS		
Current Assets		
Cash and cash equivalents	$ 11,995,199	$ 6,084,660
Certificates of deposit	-	5,234,370
Grants and contracts receivable	628,676	803,848
Due from related party	-	1,153,192
Prepaid expenses and other current assets	328,689	115,306
Total Current Assets	12,952,564	13,391,376
Property and equipment, net	1,608,882	2,193,697
Right of use assets - operating leases, net	17,831,546	17,459,558
Right of use assets - finance leases, net	34,213	60,274
Restricted certificate of deposit	80,891	78,530
Security deposits	147,729	147,729
	$ 32,655,825	$ 33,331,164
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 1,093,976	$ 1,421,144
Accrued payroll and payroll taxes	1,253,146	1,219,902
Due to related party	107,805	-
Operating lease liabilities	2,582,721	2,478,194
Finance lease liabilities	26,703	25,748
Refundable advance	148,740	187,943
Total Current Liabilities	5,213,091	5,332,931
Operating lease liabilities, less current portion	16,937,201	16,318,697
Finance lease liabilities, less current portion	8,553	35,257
Total Liabilities	22,158,845	21,686,885
Net Assets		
Without donor restrictions	10,296,980	11,644,279
With donor restrictions	200,000	-
Net Assets	10,496,980	11,644,279
	$ 32,655,825	$ 33,331,164

See notes to financial statements

Coney Island Preparatory Public Charter School

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	$ 25,123,274	$ -	$ 25,123,274
Special education	3,814,912	-	3,814,912
Facilities	2,802,597	-	2,802,597
Federal grants	1,385,578	-	1,385,578
Federal E-rate and IDEA	381,620	-	381,620
State grants	119,944	-	119,944
Total Operating Revenue	33,627,925	-	33,627,925
EXPENSES			
Program Services			
Regular education	26,285,168	-	26,285,168
Special education	4,798,041	-	4,798,041
Total Program Services	31,083,209	-	31,083,209
Supporting Services			
Management and general	4,742,197	-	4,742,197
Fundraising	20,794	-	20,794
Total Expenses	35,846,200	-	35,846,200
(Deficit) from Operations	(2,218,275)	-	(2,218,275)
SUPPORT AND OTHER REVENUE			
Grants and contributions	228,668	200,000	428,668
Donated services	206,000	-	206,000
Interest income	436,308	-	436,308
Total Support and Other Revenue	870,976	200,000	1,070,976
Change in Net Assets	(1,347,299)	200,000	(1,147,299)
NET ASSETS			
Beginning of year	11,644,279	-	11,644,279
End of year	$ 10,296,980	$ 200,000	$ 10,496,980

See notes to financial statements

Coney Island Preparatory Public Charter School

Statement of Activities
Year Ended June 30, 2025

OPERATING REVENUE	
State and Local Per Pupil Operating Revenue	
General education	$ 24,887,102
Special education	3,756,706
Facilities	2,795,000
Federal grants	1,448,476
Federal E-rate and IDEA	470,484
State grants	67,256
Total Operating Revenue	33,425,024
EXPENSES	
Program Services	
Regular education	25,862,033
Special education	5,269,624
Total Program Services	31,131,657
Supporting Services	
Management and general	4,637,273
Fundraising	28,331
Total Expenses	35,797,261
(Deficit) from Operations	(2,372,237)
SUPPORT AND OTHER REVENUE	
Grants and contributions	316,073
Donated services	21,310
Interest income	624,775
Total Support and Other Revenue	962,158
Change in Net Assets	(1,410,079)
NET ASSETS, WITHOUT DONOR RESTRICTIONS	
Beginning of year	13,054,358
End of year	$ 11,644,279

See notes to financial statements

Coney Island Preparatory Public Charter School

Statement of Functional Expenses
Year Ended June 30, 2026

	No. of Positions	Program Services: Regular Education	Program Services: Special Education	Program Services: Total	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Personnel Services Costs							
Administrative staff personnel	73	$ 2,455,037	$ 401,091	$ 2,856,128	$ 2,928,821	$ 15,329	$ 5,800,278
Instructional personnel	162	12,731,699	2,371,064	15,102,763	-	-	15,102,763
Total Personnel Services Costs	235	15,186,736	2,772,155	17,958,891	2,928,821	15,329	20,903,041
Fringe benefits and payroll taxes		3,536,383	645,524	4,181,907	617,670	3,233	4,802,810
Retirement		367,780	67,134	434,914	70,928	371	506,213
Legal service		27,792	5,073	32,865	211,360	28	244,253
Accounting / audit services		100,619	18,367	118,986	19,405	102	138,493
Other purchased services		400,369	73,083	473,452	71,662	375	545,489
Building / facility costs		2,557,074	466,763	3,023,837	493,142	54	3,517,033
Repairs and maintenance		90,368	16,496	106,864	17,428	-	124,292
Insurance		234,363	42,780	277,143	45,198	237	322,578
Utilities		3,532	645	4,177	681	-	4,858
Supplies / materials		604,587	110,360	714,947	1,485	8	716,440
Equipment / furnishings		22,608	4,127	26,735	-	-	26,735
Staff development		244,769	44,680	289,449	22,237	111	311,797
Marketing / recruitment		251,828	45,968	297,796	48,566	-	346,362
Technology		269,479	49,190	318,669	51,970	212	370,851
Food service		602,978	110,066	713,044	-	-	713,044
Student services		1,056,907	192,926	1,249,833	1,451	-	1,251,284
Office expense		92,870	16,952	109,822	17,911	93	127,826
Depreciation and amortization		618,689	112,934	731,623	119,316	626	851,565
Other		15,437	2,818	18,255	2,966	15	21,236
Total Expenses		$ 26,285,168	$ 4,798,041	$ 31,083,209	$ 4,742,197	$ 20,794	$ 35,846,200

See notes to financial statements

Coney Island Preparatory Public Charter School

Statement of Functional Expenses
Year Ended June 30, 2025

	No. of Positions	Program Services: Regular Education	Program Services: Special Education	Program Services: Total	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Personnel Services Costs							
Administrative staff personnel	71	$ 2,569,474	$ 790,675	$ 3,360,149	$2,993,529	$ 20,711	$ 6,374,389
Instructional personnel	167	12,489,725	2,277,773	14,767,498	-	-	14,767,498
Total Personnel Services Costs	238	15,059,199	3,068,448	18,127,647	2,993,529	20,711	21,141,887
Fringe benefits and payroll taxes		3,149,502	641,740	3,791,242	581,416	4,023	4,376,681
Retirement		350,378	71,393	421,771	69,650	482	491,903
Legal service		20,854	4,249	25,103	4,145	30	29,278
Accounting / audit services		79,563	16,212	95,775	15,816	109	111,700
Other purchased services		515,997	105,139	621,136	101,210	700	723,046
Building / facility costs		2,395,879	488,182	2,884,061	476,263	51	3,360,375
Repairs and maintenance		46,992	9,575	56,567	9,341	-	65,908
Insurance		208,963	42,578	251,541	41,538	287	293,366
Utilities		3,773	769	4,542	750	-	5,292
Supplies / materials		476,573	97,106	573,679	1,510	10	575,199
Equipment / furnishings		22,090	4,501	26,591	-	-	26,591
Staff development		279,505	56,952	336,457	27,581	154	364,192
Marketing / recruitment		245,063	49,934	294,997	48,715	-	343,712
Technology		302,146	61,565	363,711	60,062	373	424,146
Food service		570,826	116,311	687,137	-	-	687,137
Student services		1,114,621	227,114	1,341,735	2,968	-	1,344,703
Office expense		85,208	17,362	102,570	16,936	117	119,623
Depreciation and amortization		915,196	186,479	1,101,675	181,926	1,259	1,284,860
Other		19,705	4,015	23,720	3,917	25	27,662
Total Expenses		$ 25,862,033	$ 5,269,624	$ 31,131,657	$ 4,637,273	$ 28,331	$ 35,797,261

See notes to financial statements

Coney Island Preparatory Public Charter School

Statements of Cash Flows

	Year Ended June 30,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,147,299)	$ (1,410,079)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	825,504	1,266,953
Amortization of right of use assets - operating leases	2,689,036	2,610,569
Accrued interest on certificates of deposit	127,777	(50,933)
Amortization of right of use assets - finance leases	26,061	17,907
Changes in operating assets and liabilities		
Grants and contracts receivable	175,172	1,353,763
Due from related party	1,153,192	(1,153,192)
Prepaid expenses and other current assets	(213,383)	(42,673)
Accounts payable and accrued expenses	(327,168)	253,626
Accrued payroll and payroll taxes	33,244	61,806
Due to related party	107,805	-
Operating lease liabilities	(2,337,993)	(2,252,813)
Refundable advances	(39,203)	177,778
Net Cash from Operating Activities	1,072,745	832,712
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(240,689)	(820,155)
Purchase of certificates of deposit	-	(3,750,000)
Maturity of certificates of deposit	5,106,593	6,916,016
Net Cash from Investing Activities	4,865,904	2,345,861
CASH FLOWS FROM FINANCING ACTIVITY		
Principal payments on finance lease liability	(25,749)	(17,176)
Net Change in Cash, Cash Equivalents and Restricted Certificate of Deposit	5,912,900	3,161,397
CASH, CASH EQUIVALENTS AND RESTRICTED CERTIFICATE OF DEPOSIT		
Beginning of year	6,163,190	3,001,793
End of year	$ 12,076,090	$ 6,163,190

See notes to financial statements

1. Organization and Tax Status

Coney Island Preparatory Public Charter School (the "School") is a New York State, not-for-profit educational corporation that operates as a charter school in the borough of Brooklyn, New York. On February 12, 2009, the Board of Regents of the University of the State of New York ("Board of Regents") for and on behalf of the State Education Department granted the School a provisional charter valid for a term of five years from the effective date of December 16, 2008 and renewable upon expiration by the Board of Regents. The Board of Regents approved and issued several renewals to the School's charter expiring June 30, 2028. The School's mission is that students will develop the academic skills and character necessary for success in selective colleges and universities, and the career of their choice. Students will learn through a rigorous academic program, with a strong focus on writing, in a supportive and structured school community. Classes commenced in Brooklyn, New York, in August 2009 and the School provided education to approximately 1,265 students in kindergarten through twelfth grade during the 2025-2026 academic year.

During 2017, the School applied to change its authorizer and transfer its charter from The New York City Department of Education to the Charter Schools Institute of the State University of New York ("SUNY"). On October 11, 2017, SUNY approved the transfer of the School's charter effective for the 2017-2018 School year.

The School retains an outside vendor to provide meals for students in which the School receives reimbursement from the New York State Education Department. The New York City Department of Education provides Metrocards to a majority of the School's students and such amounts are not included in these financial statements.

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.

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.

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

Net Asset Presentation (continued)

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. The School had no net assets with donor restrictions at June 30, 2025.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances held in bank accounts with original maturities of three months or less at the time of purchase.

Cash, Cash Equivalents, and Restricted Certificate of Deposit

Cash and cash equivalents include cash balances held in bank accounts and highly liquid debt instruments. 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, cash equivalents and restricted certificate of deposit reported within the statements of financial position on the amounts presented in the statements of cash flows at June 30:

	2026	2025
Cash and cash equivalents	$ 11,995,199	$ 6,084,660
Restricted certificate of deposit	80,891	78,530
	$ 12,076,090	$ 6,163,190

Certificates of Deposit

At June 30, 2026 and 2025, the School had $0 and $5,234,370 invested in certificates of deposit held by a bank. The certificates of deposit are reported at cost plus accrued interest and matured on September 8, 2025.

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of $2,500 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. Costs of maintenance and repairs are expensed as incurred.

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

Property and Equipment (continued)

All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

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

Computers and equipment	3 to 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 of 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 ASU No. 2016-02, Leases. The School determines if an arrangement is a lease at inception. Leases are included in ROU assets and lease liabilities on the statements of financial position.

ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. The School has made an accounting policy election to use a risk-free rate, determined using a period comparable with that of the lease term, to discount future lease payments. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the School's risk-free rate. Operating lease cost is recognized on a straight-line basis over the lease term within building and facility costs on the accompanying statements of functional expenses. Finance lease cost is recognized on a straight-line basis over the lease term within depreciation and amortization in the accompanying statements of functional expenses. 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 the ROU assets and lease liabilities.

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. At June 30, 2026 and 2025, the School recorded a refundable advance in the amounts of $0 and $147,000 from a private grant prior to the satisfaction of grant conditions and from the New York City Department of Education in the amounts of $148,740 and $40,943.

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

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.

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 restricted support 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 revenue without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets, require specialized skills, are performed by people with those skills, would otherwise be purchased by the School, and are measurable. The School recognized donated services revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

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 services costs, fringe benefits and payroll taxes, other purchased services and building and land rent 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.

Marketing and Recruitment

Marketing and recruitment costs are expensed as incurred. Marketing and recruitment costs for the years ended June 30, 2026 and 2025 amounted to $346,362 and $343,712.

Measure of Operations

The statements of activities reports 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, donated services, interest income and other activities considered to be funds not specific for operations.

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

Accounting for Uncertainty in Income Taxes

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

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.

The School is related to Coney Island Prep Builders, Inc. ("Builders"). On August 5, 2026, the School became the guarantor of a lease that Builders signed with 773 Neptune Avenue QOZ LLC for a new high school facility at 773 Neptune Avenue in Brooklyn, New York (see Note 5). The lease has a term of 39 years and is expected to begin on July 1, 2027. Total fixed rent over the lease term is approximately $108,600 million. The School plans to sublease the facility from Builders. A sublease agreement with Builders has not been executed as of June 30, 2026. Because the School is not the tenant under this lease, no right-of-use asset or lease liability has been recognized by the School as of June 30, 2026.

3. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, and city entitlements and grants. 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

The School was awarded a conditional grant totaling $450,000 in maximum funding during the year ended June 30, 2026 which contains donor conditions related to milestones and time periods. Since the grant represents a conditional promise to give, it is not recorded as grant revenue until donor conditions are met. For 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)

Builders is a New York State, not-for-profit corporation with common management and board of trustees. Builders supports the School through financial, fundraising, and development efforts.

5. Related Party Transactions (not disclosed elsewhere) *(continued)*

For the years ended June 30, 2026 and 2025, the School charged Builders $1,212,081 and $1,074,136 for salaries and benefits for shared employees and restricted grants. For the year ended June 30, 2026 Builders charged the School $26,557 for net operating expenses and for the year ended June 30, 2025 the School charged Builders $7,556 for net operating expenses. Net balance (to)/due from Builders at June 30, 2026 and 2025 amounted to ($107,805) and $1,153,192. These amounts bear no interest and there are no specific repayment terms.

On July 13, 2020, the lease with The Roman Catholic Church of Saints Simon and Jude for the high school facility was transferred to Builders. On July 24, 2020, the School entered into a sub-lease agreement with Builders. The term commenced on August 1, 2020 and expired on July 31, 2023 with two 5-year renewal options. (see Note 12). On May 10, 2023, the sub-lease agreement with Builders was renewed for 3 years and expired July 31, 2026. The School and Builders signed an amended sublease on February 3, 2025 and was effective July 1, 2025 and expires July 31, 2028.

On June 21, 2021, the School entered into a sub-lease agreement with Builders. The term commenced on July 1, 2021 and was set to expire on June 30, 2026 with two 5-year renewal options. (see Note 12). On May 10, 2023, the sub-lease agreement with Builders was amended and the new lease term commenced on July 1, 2023 and is set to expire on June 30, 2036.

On August 5, 2026, Builders entered into a new lease agreement with 773 Neptune Avenue QOZ LLC for the facility located at 773 Neptune Avenue, Brooklyn, New York. The School expects to occupy the facility beginning Jul 1, 2027. The lease term is 39 years. The School is the guarantor of the lease. The School plans to enter into a sub-lease agreement with Builders for this facility. Total commitment under this lease amounted to $108,600,000.

6. Net Assets with Donor Restrictions

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

	2026	2025
Literacy Acceleration Program	$ 50,000	$ -
New York City Charter Literacy Consortium	150,000	-
	$ 200,000	$ -

7. Property and Equipment

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

	2026	2025
Computers and equipment	$ 3,168,557	$ 4,047,681
Furniture and fixtures	1,853,180	1,853,180
Software	-	163,677
Leasehold improvements	7,085,374	7,201,134
Construction in progress	395,578	-
	12,502,689	13,265,672
Accumulated depreciation and amortization	(10,893,807)	(11,071,975)
	$ 1,608,882	$ 2,193,697

The School has $395,578 of construction costs consisting of project management, engineering, and other pre-development costs for the new high school facility located at 773 Neptune Avenue in Brooklyn, New York. The facility is expected to be completed in July 2027.

Assets with a cost basis and accumulated depreciation of $1,003,672 were disposed of during the year ended June 30, 2026.

8. 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:

	2026	2025
Cash and cash equivalents	$ 11,995,199	$ 6,084,660
Certificates of deposit	-	5,234,370
Grants and contracts receivable	628,676	803,848
Due from related party	-	1,153,192
	12,623,875	13,276,070
Less: Amounts unavailable for general expenditures:		
Net assets with donor restrictions	(200,000)	-
	$ 12,423,875	$ 13,276,070

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 savings accounts, certificates of deposits, 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).

9. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 403(b) for the benefit of its eligible employees. Under the plan, the School may make discretionary matching contributions up to 5% of annual compensation. The amount charged for matching contributions to this plan amounted to $490,062 and $474,262 for the years ended June 30, 2026 and 2025.

10. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash, cash equivalents, and restricted certificate of deposit on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. Investments are maintained at a broker which protects the balance up to $500,000 with Securities Investor Protection Corporation ("SIPC") insurance. 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 $991,000 and $1,726,000 of cash equivalents, and restricted certificate of deposit was maintained with two institutions in excess of FDIC limits, and approximately $10,086,000 and $3,359,000 of investments was maintained with an institution in excess of SIPC limits.

11. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2026 and 2025, the School received approximately 91% of its 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. Commitments

Elementary School Facility

The School began sharing space with a New York City public school in July 2014. The School is not responsible for rent, real estate taxes, utilities, custodial services, maintenance, and school safety services other than security related to the School's programs that take place outside the district's school day. The School was unable to determine a value for the contributed space and related services and did not record any value for use of donated facilities or services.

Middle School Facility

The School began sharing space with a New York City public school in July 2011. The School is not responsible for rent, real estate taxes, utilities, custodial services, maintenance, and school safety services other than security related to the School's programs that take place outside the district's school day. The School was unable to determine a value for the contributed space and related services and did not record any value for use of donated facilities or services.

12. Commitments *(continued)*

High School Facility

On November 19, 2012, the School entered into a lease agreement with The Roman Catholic Church of Saints Simon and Jude for the rental of space of a building located in Brooklyn, New York. The lease term commenced on April 1, 2013 and was set to expire on July 31, 2023. On July 13, 2020, this lease was transferred to Builders, a related party.

On July 24, 2020, the School entered into a sub-lease agreement with Builders, a related party for the space located at 294 Avenue T Brooklyn, New York. The lease term commenced on August 1, 2020 and expired on July 31, 2023 with two 5-year renewal options. On May 10, 2023, the sub-lease agreement with Builders was renewed for 3 years and expired on July 31, 2026. The School and Builders signed an amended sublease which was effective July 1, 2025 and expires July 31, 2028.

Central Office

On November 16, 2021, the School entered into a lease agreement with Neptune South Commercial, LLC for the rental of office space in Brooklyn, New York. The lease term commenced on May 1, 2022 and is set to expire on October 31, 2032. The School is responsible for utilities, insurance, custodial services, and maintenance.

Upper Elementary School Facility

On June 21, 2021, the School entered into a sub-lease agreement with Builders, a related party, for the space located at 133 27th Avenue, Brooklyn, New York. The lease term commenced on July 1, 2021 and was set to expire on June 30, 2026 with two 5-year renewal options. This location is the site of the Upper Elementary school. On May 10, 2023, the sub-lease agreement with Builders was amended and the lease term commenced on July 1, 2023 and is set to expire on June 30, 2036.

12. Commitments *(continued)*

Equipment Leases

The School leases various copy machines under non-cancelable finance leases expiring in various year through 2027.

Right of use assets consist of the following at June 30, 2026:

	Operating Leases	Finance leases
Right of use assets - operating lease	$ 28,015,873	$ 78,181
Less: accumulated amortization	(10,184,327)	(43,968)
	$ 17,831,546	$ 34,213

Weighted average remaining lease term (years)	
Operating leases	8.46 years
Finance leases	1.33 years
Weighted average discount rate	
Operating leases	3.65%
Finance leases	3.67%

Right of use assets consist of the following at June 30, 2025:

	Operating Leases	Finance leases
Right of use assets - operating lease	$ 24,954,849	$ 78,181
Less: accumulated amortization	(7,495,291)	(17,907)
	$ 17,459,558	$ 60,274

Weighted average remaining lease term (years)	
Operating leases	9.91 years
Finance leases	2.32 years
Weighted average discount rate	
Operating leases	3.53%
Finance leases	3.66%

12. Commitments *(continued)*

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

	Operating Leases	Finance leases
2027	$ 3,239,659	$ 27,469
2028	3,395,215	8,603
2029	1,910,123	-
2030	1,856,744	-
2031	1,947,271	-
Thereafter	10,517,283	-
Total minimum lease payments	22,866,295	36,072
Present value discount	(3,346,373)	(816)
Present value of lease liabilities	19,519,922	35,256
Current portion	(2,582,721)	(26,703)
Lease liabilities, less current portion	$ 16,937,201	$ 8,553

Components of the lease cost are included in building and facility costs for operating leases and depreciation and amortization for finance leases in the accompanying statements of functional expenses for the years ended June 30, 2026 and 2025:

	2026	2025
Operating leases	$ 3,443,824	$ 3,308,688
Finance leases	27,782	19,597

Supplementary disclosure of cash flow consists of the following for the years ended June 30:

	2026	2025
Cash paid for amounts included in the measurement of operating lease liabilities	$ 3,092,254	$ 4,535,278
Operating cash flows from finance leases	1,721	1,504
Financing cash flows from finance leases measurement of finance lease liabilities	25,749	17,176
ROU assets obtained in exchange for new operating lease obligation	3,061,024	-
ROU assets obtained in exchange for finance lease obligation	-	75,892

13. Donated Services

Legal services were provided to the School at no charge. The value of these services meets the criteria for recognition in the financial statements and were recorded at their fair value of $206,000 and $21,310 for the years ended June 30, 2026 and 2025. Fair value is estimated using a standard hourly rate of similar services available for purchase by the School. Donated services are included in program, management and general, and fundraising services in the accompanying statements of activities and functional expenses and are not monetized. There were no donor-imposed restrictions associated with the donated services.

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 in the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

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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
Coney Island Preparatory Public Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Coney Island Preparatory Public Charter School (the "School"), 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

October 28, 2026