

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

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Independent Auditors' Report

To the Board of Directors
Bluebird Education Network, Inc.
Baltimore, Maryland

Opinion

We have audited the accompanying consolidated financial statements of Bluebird Education Network, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bluebird Education Network, Inc. and affiliate as of June 30, 2025 and 2024, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Bluebird Education Network, Inc. and affiliate 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt Bluebird Education Network, Inc. and affiliate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Bluebird Education Network, Inc. and affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bluebird Education Network, Inc. and affiliate'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.

Independent Auditors' Report (continued)

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of consolidating statement of financial position, schedule of consolidating statement of activities and changes in net assets, and schedule of consolidating cash flows shown on pages 28 - 30 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements taken as a whole.

Weyrich, Cronin & Sorra, LLC

Hunt Valley, Maryland
January 27, 2026

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

Consolidated Statements of Financial Position
June 30, 2025 and 2024

	<u>ASSETS</u>	
	<u>2025</u>	<u>2024</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,058,417	\$ 6,164,678
Contributions receivable	282,340	980,876
Grants receivable	129,682	394,931
Prepaid expenses	84,359	95,976
Total Current Assets	<u>8,554,798</u>	<u>7,636,461</u>
NET PROPERTY AND EQUIPMENT - AT COST	<u>17,272,653</u>	<u>16,435,578</u>
OTHER ASSETS:		
Investments	592,603	861,113
Cash - restricted	441,261	696,761
Total Other Assets	<u>1,033,864</u>	<u>1,557,874</u>
TOTAL ASSETS	<u>\$ 26,861,315</u>	<u>\$ 25,629,913</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 794,075	\$ 548,022
Retainage payable	35,958	- 0 -
Short-term portion - finance lease obligations	33,243	28,150
Total Current Liabilities	<u>863,276</u>	<u>576,172</u>
LONG-TERM LIABILITIES:		
Long-term debt - bonds and notes payable, net	16,595,685	16,565,631
Unrealized loss on interest rate swap agreement	407,303	194,216
Long-term portion - finance lease obligations	3,982,610	3,151,797
Total Long-Term Liabilities	<u>20,985,598</u>	<u>19,911,644</u>
NET ASSETS:		
Without donor restrictions	4,617,387	4,551,200
With donor restrictions	395,054	590,897
Total Net Assets	<u>5,012,441</u>	<u>5,142,097</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 26,861,315</u>	<u>\$ 25,629,913</u>

See accompanying notes to consolidated financial statements

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Baltimore City Public Schools:						
Grants	\$ 5,264,717	\$ - 0 -	\$ 5,264,717	\$ 6,473,684	\$ - 0 -	\$ 6,473,684
Contributed services	12,379,048	- 0 -	12,379,048	12,172,452	- 0 -	12,172,452
Contributions of nonfinancial assets	43,691	- 0 -	43,691	366	- 0 -	366
	<u>17,687,456</u>	<u>- 0 -</u>	<u>17,687,456</u>	<u>18,646,502</u>	<u>- 0 -</u>	<u>18,646,502</u>
Public Support:						
Contributions and grants	742,094	124,430	866,524	304,769	281,875	586,644
Government Support:						
Grants and other revenue	888,797	- 0 -	888,797	895,261	- 0 -	895,261
Other Revenue (Loss):						
Student program fees	46,329	- 0 -	46,329	35,733	- 0 -	35,733
Other revenue	42,646	- 0 -	42,646	86,222	- 0 -	86,222
	<u>19,407,322</u>	<u>124,430</u>	<u>19,531,752</u>	<u>19,968,487</u>	<u>281,875</u>	<u>20,250,362</u>
Net Assets Released From Restrictions	320,273	(320,273)	- 0 -	233,442	(233,442)	- 0 -
Total Support and Revenue	<u>19,727,595</u>	<u>(195,843)</u>	<u>19,531,752</u>	<u>20,201,929</u>	<u>48,433</u>	<u>20,250,362</u>
EXPENSES:						
Program services	16,728,142	- 0 -	16,728,142	16,578,107	- 0 -	16,578,107
Management and general	2,642,664	- 0 -	2,642,664	2,927,271	- 0 -	2,927,271
Fundraising expenses	170,857	- 0 -	170,857	164,552	- 0 -	164,552
	<u>19,541,663</u>	<u>- 0 -</u>	<u>19,541,663</u>	<u>19,669,930</u>	<u>- 0 -</u>	<u>19,669,930</u>
OTHER INCOME (EXPENSES)						
Unrealized loss on interest rate swap agreement						
	(213,087)	- 0 -	(213,087)	(194,216)	- 0 -	(194,216)
Investment return, net						
	93,342	- 0 -	93,342	106,522	- 0 -	106,522
	<u>(119,745)</u>	<u>- 0 -</u>	<u>(119,745)</u>	<u>(87,694)</u>	<u>- 0 -</u>	<u>(87,694)</u>
Total Expenses	<u>19,661,408</u>	<u>- 0 -</u>	<u>19,661,408</u>	<u>19,757,624</u>	<u>- 0 -</u>	<u>19,757,624</u>
CHANGE IN NET ASSETS	66,187	(195,843)	(129,656)	444,305	48,433	492,738
NET ASSETS AT BEGINNING OF YEAR	4,551,200	590,897	5,142,097	4,106,895	542,464	4,649,359
NET ASSETS AT END OF YEAR	<u>\$ 4,617,387</u>	<u>\$ 395,054</u>	<u>\$ 5,012,441</u>	<u>\$ 4,551,200</u>	<u>\$ 590,897</u>	<u>\$ 5,142,097</u>

See accompanying notes to consolidated financial statements

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2025

	Program Services			Supporting Services			Total
	Academic	Non-Academic	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 9,512,232	\$ 722,357	\$ 10,234,589	\$ 508,564	\$ 122,650	\$ 631,214	\$ 10,865,803
Payroll taxes	721,701	50,196	771,897	55,010	- 0 -	55,010	826,907
Fringe benefits	2,543,381	28,744	2,572,125	125,106	- 0 -	125,106	2,697,231
	<u>12,777,314</u>	<u>801,297</u>	<u>13,578,611</u>	<u>688,680</u>	<u>122,650</u>	<u>811,330</u>	<u>14,389,941</u>
Professional development	56,764	16,206	72,970	2,127	- 0 -	2,127	75,097
Materials and supplies	396,654	157,585	554,239	1,890	29,432	31,322	585,561
Special events	12,810	- 0 -	12,810	- 0 -	18,773	18,773	31,583
Facilities	205	530	735	779,055	- 0 -	779,055	779,790
Outside services	452,467	234,093	686,560	337,139	- 0 -	337,139	1,023,699
Technology and communication	8,500	4,580	13,080	190,744	- 0 -	190,744	203,824
Other expenses	15,024	8,135	23,159	214,689	2	214,691	237,850
	<u>13,719,738</u>	<u>1,222,426</u>	<u>14,942,164</u>	<u>2,214,324</u>	<u>170,857</u>	<u>2,385,181</u>	<u>17,327,345</u>
Bond interest	515,430	- 0 -	515,430	358,181	- 0 -	358,181	873,611
Building interest	239,216	- 0 -	239,216	42,215	- 0 -	42,215	281,431
Copier interest	- 0 -	- 0 -	- 0 -	6,896	- 0 -	6,896	6,896
Depreciation	1,031,332	- 0 -	1,031,332	21,048	- 0 -	21,048	1,052,380
	<u>15,505,716</u>	<u>1,222,426</u>	<u>16,728,142</u>	<u>2,642,664</u>	<u>170,857</u>	<u>2,813,521</u>	<u>19,541,663</u>
Total Expenses	<u>\$ 15,505,716</u>	<u>\$ 1,222,426</u>	<u>\$ 16,728,142</u>	<u>\$ 2,642,664</u>	<u>\$ 170,857</u>	<u>\$ 2,813,521</u>	<u>\$ 19,541,663</u>

See accompanying notes to consolidated financial statements

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services			Supporting Services			Total
	Academic	Non-Academic	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 9,307,020	\$ 640,759	\$ 9,947,779	\$ 634,947	\$ 119,215	\$ 754,162	\$ 10,701,941
Payroll taxes	705,749	46,684	752,433	73,507	- 0 -	73,507	825,940
Fringe benefits	2,508,978	31,750	2,540,728	150,819	- 0 -	150,819	2,691,547
	<u>12,521,747</u>	<u>719,193</u>	<u>13,240,940</u>	<u>859,273</u>	<u>119,215</u>	<u>978,488</u>	<u>14,219,428</u>
Professional development	106,426	17,855	124,281	5,769	- 0 -	5,769	130,050
Materials and supplies	466,182	330,925	797,107	13,225	2,615	15,840	812,947
Special events	4,179	- 0 -	4,179	119	42,722	42,841	47,020
Facilities	42	15,686	15,728	879,554	- 0 -	879,554	895,282
Outside services	297,663	395,795	693,458	254,197	- 0 -	254,197	947,655
Technology and communication	13,114	7,748	20,862	203,594	- 0 -	203,594	224,456
Other expenses	17,642	18,715	36,357	210,260	- 0 -	210,260	246,617
	<u>13,426,995</u>	<u>1,505,917</u>	<u>14,932,912</u>	<u>2,425,991</u>	<u>164,552</u>	<u>2,590,543</u>	<u>17,523,455</u>
Bond interest	659,985	- 0 -	659,985	455,450	- 0 -	455,450	1,115,435
Building interest	112,172	- 0 -	112,172	19,975	- 0 -	19,975	132,147
Copier interest	- 0 -	- 0 -	- 0 -	8,038	- 0 -	8,038	8,038
Depreciation	873,038	- 0 -	873,038	17,817	- 0 -	17,817	890,855
	<u>1,545,195</u>	<u>- 0 -</u>	<u>1,545,195</u>	<u>491,280</u>	<u>- 0 -</u>	<u>491,280</u>	<u>1,545,195</u>
Total Expenses	<u>\$ 15,072,190</u>	<u>\$ 1,505,917</u>	<u>\$ 16,578,107</u>	<u>\$ 2,927,271</u>	<u>\$ 164,552</u>	<u>\$ 3,091,823</u>	<u>\$ 19,669,930</u>

See accompanying notes to consolidated financial statements

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (129,656)	\$ 492,738
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,052,380	890,855
Amortization included in bond interest expense	30,055	331,557
Non-cash portion of lease expense	- 0 -	(11,800)
Unrealized loss on interest rate swap agreement	213,087	194,216
Unrealized gains on investments	(2,339)	(34,799)
Realized gains on investments	(41,875)	(20,618)
(Increase) decrease in assets:		
Contributions receivable	698,536	(114,472)
Grants receivable	265,249	126,639
Prepaid expenses	11,617	50,636
Increase (decrease) in liabilities:		
Accounts payable and accrued expense	246,053	(1,278,012)
Accrued interest included in finance lease obligations	163,963	64,467
Retainage Payable	35,958	(222,276)
Net cash provided by operating activities	2,543,028	469,131
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(196,790)	(971,298)
Proceeds from sales of investments	509,513	1,564,470
Additions to construction in progress	(579,601)	(41,633)
Purchases of property additions	(607,609)	(2,341,724)
Net cash used in investing activities	(874,487)	(1,790,185)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt issuance	- 0 -	18,470,000
Debt issuance costs	- 0 -	(1,030,925)
Principal payments on long-term debt	- 0 -	(12,561,283)
Principal payments on finance lease obligations	(30,302)	(26,249)
Net cash provided by (used in) financing activities	(30,302)	4,851,543
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,638,239	3,530,489
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	6,861,439	3,330,950
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	\$ 8,499,678	\$ 6,861,439

See accompanying notes to consolidated financial statements

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

1. Organization and Summary of Significant Accounting Policies

Nature of Organization - Bluebird Education Network, Inc. (the School) is the legal entity and the operator of Patterson Park Public Charter School and Clay Hill Public Charter School, both of which are Baltimore City public charter schools. The School was incorporated by those residents as a way to continue the revitalization of their neighborhoods and provide a school where neighborhood residents would send their children rather than move when their children reach school age and the School obtained non-profit organizational status on March 10, 2005 under Section 501(c)(3) of the Internal Revenue Code. Patterson Park Public Charter School signed its original charter with the city of Baltimore in July 2005. The charter was renewed for five years, expiring June 30, 2031. Clay Hill Public Charter School signed its original charter with the city of Baltimore in November 2020, which is effective July 1, 2021 through June 30, 2026.

The mission of the School is "to be a place where students thrive as members of a vibrant and inclusive learning community supported by families, caregivers, staff, and neighbors engaged in a practice of whole-child education. By teaching and learning from one another, we embrace unique identities and cultivate an atmosphere of love."

The School unites students, parents, educators, and the neighborhood through an educational environment that rewards creativity and builds community ties. Strong academic standards and community/arts-related partnerships encourage the School's students to become independent and responsible thinkers. The School has a diverse student population and incorporates the many attendant cultures into its curriculum and daily life.

The School is a member of a non-profit organization entitled "Maryland Alliance of Public Charter Schools" (the Coalition). The Coalition has been active in working with Baltimore City Public Schools regarding the charter funding formula.

Patterson Park Public Charter School opened in 2005 with 300 students in grades K-4. Since then, the School's enrollment has grown to 731 students in grades prek-8 for the 2024/2025 school year.

Clay Hill Public Charter School opened in 2021 with 186 students in grades K-3. Since then, enrollment has grown to 335 students in grades K-4 for the 2024/2025 school year.

When the School opened, it housed the entire School in a single building, the original St. Elizabeth's School building which was purchased from the Archdiocese of Baltimore. Also purchased was a second building, the original St. Elizabeth church building constructed in 1895. In 2008, the School renovated the second building to include a cafeteria, gymnasium, library, technology lab and offices. In 2010, the School closed on a bond issue (see Note 8) that allowed it to: (i) refinance loans to acquire and renovate existing buildings; and (ii) construct a new 10,000 square foot building in 2011, containing six middle school classrooms and new art and science lab facilities, which completed the physical campus.

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

1. Organization and Summary of Significant Accounting Policies (continued)

The Patterson Park Public Charter School Fund, Inc. (the Fund) was created as a result of the issuance of the bonds and is designated to support the School's fundraising activities.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of Bluebird Education Network, Inc. and Patterson Park Public Charter School Fund, Inc. Together, they are known as the School. Intra-entity transactions and balances have been eliminated in consolidation.

Basis of Accounting - The consolidated financial statements of the School have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities. As such, revenue is recognized when earned and expenses when incurred.

Financial Statement Presentation - The School is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions.

Net assets without donor restrictions represents the portion of net assets that is not subject to donor-imposed restrictions. Such net assets are available for use at the discretion of management and/or the Board of Directors for general operating purposes. The Board of Directors may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions represents the portion of net assets that is subject to donor-imposed restrictions. Such restrictions may specify a purpose for which, or time in which, resources can be used. Some net assets with donor restrictions include stipulations that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosures at the date of the financial statements and certain reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the consolidated statements of cash flows, the School considers cash equivalents to include all highly liquid debt instruments with original maturities of three (3) months or less.

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

1. Organization and Summary of Significant Accounting Policies (continued)

Cash - restricted - represents an escrow account held with a third party, per bond agreement described in Note 7.

Contributions Receivable - Contributions receivable consist of unpaid grants, contributions and other amounts due. They are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are believed to be uncollectible by the time the consolidated financial statements are issued. Accounting principles generally accepted in the United States of America (GAAP) requires the allowance method for accounting for bad debts, however the differences between the two methods are deemed to be immaterial.

Grants Receivable - Grants receivable consists of funds owed to the School from Baltimore City Public Schools (BCPS) as determined by the true-up process required under the charter school agreement. This receivable is deducted from the quarterly payments received from BCPS.

Investments - Investments consist of certificate of deposits, fixed income, and exchange traded products with readily determinable fair values and are carried at those values based on quoted prices in active markets (Level 1) in the consolidated statements of financial position. Realized and unrealized gains or losses on investments are recorded in the period in which the gains or losses occur are included in the consolidated statements of activities as changes in net assets without donor restriction, unless their use is restricted by explicit donor-imposed stipulations or by law. Investment income and gains restricted by a donor are reported as increases in net assets without donor restriction if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Property and Equipment - Property and equipment are carried at stated at cost, if purchased, or at fair market value at the date of the gift, if donated. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service. The School reclassified net assets without donor restrictions at that time.

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

1. Organization and Summary of Significant Accounting Policies (continued)

The School capitalizes expenditures for property and equipment components costing more than \$2,500 (individually or in the aggregate for similar items) and having a useful life of one or more years. Renewals and betterments that materially prolong the useful lives of assets are capitalized. The School uses the direct expensing method to account for planned major maintenance activities. The cost of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. The following represents the estimated useful lives:

<u>Category</u>	<u>Years</u>
School buildings	30
Furniture, computers and other equipment	3-7

Valuation of Long-Lived Assets - The School assesses its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds its fair value. Fair value is determined using either the discounted cash flows or market value approach, depending on the nature of the asset. If an impairment loss is recognized, the carrying amount of the asset is reduced to its fair value, and depreciation is adjusted prospectively based on the new carrying amount and the remaining useful life of the asset. No impairment charges were required to be recognized for the years ended June 30, 2025 and 2024.

Retainage Payable - Retainage payable represents costs due to the construction contractor that are held by the School to ensure the contractor completes the project in accordance with the contract. The retainage payable represents approximately 10.00% of completed work. Total retention payable at June 30, 2025 and 2024 was \$35,958 and \$-0-, respectively.

Compensated Absences - Employees are permitted to carry over paid time off hours each year. Employees receive payment for the full amount of any accrued paid time off at termination. Accordingly, the School has established a liability, reflected as a component of accounts payable and accrued expenses on the consolidated statements of financial position. Compensated absences based on unused benefit time as of June 30, 2025 and 2024 totaled \$36,410 and \$37,247, respectively.

Support and Revenue - Grants, contracts, and contributions received are record as revenue with or without donor restrictions depending on the existence and nature of any such restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions and interest income are recorded as revenues without restriction if the restrictions on the use of these funds are satisfied in the same fiscal year in which the contribution is received. Revenue under grants, contracts, and contributions is recognized when unconditional promises to give are made by donors or when conditions are substantially met.

**BLUEBIRD EDUCATION NETWORK, INC.
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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

1. Organization and Summary of Significant Accounting Policies (continued)

When grants or other fees are exchange transactions, wherein the School has to perform services in order to earn the income, revenue is recognized when the services are performed. Accordingly deferred revenue is recorded on these types of grants when funds are received but revenue has not been earned.

The School benefits from several different revenue streams. The disaggregation of revenue for the years ended June 30, 2025 and 2024 is included in the chart below:

Revenue Type	Timing of Revenue Recognition	2025	2024
Student program fees and other revenue	Period earned	\$ 88,975	\$ 121,955
Grants	Over school year	5,264,717	6,473,684
BCPSS contributed services	Over school year	12,379,048	12,172,452
BCPSS contributions of nonfinancial assets	Over school year	43,691	366
Contributions and grants	Upon receipt	866,524	586,644
Grants and other revenue	Upon receipt	888,797	895,261
Unrealized loss on interest rate swap agreement	Period valued	(213,087)	(194,216)
Investment return, net	Period earned	93,342	106,522
		<u>\$ 19,412,007</u>	<u>\$ 20,162,668</u>

Donated Services - The School receives a significant amount of donated services from unpaid volunteers who assist with the School's programs. Donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts relating to donated services have been recognized in the consolidated statements of activities as contributions because the criteria for recognition have not been satisfied.

Contributed Services - Donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The School uses teaching staff provided by the Baltimore City Public School System. The estimated fair market value of the salaries and benefits are reflected in the accompanying financial statements at date of receipt as contributed services and offset by like amounts included in expenses.

Contributions of Nonfinancial Assets - Occasionally, the School receives donations of nonfinancial assets. The School's policy is to use the assets in carrying out the School's programs. The School uses donated materials and supplies provided by the Baltimore City Public School System. The computers and supplies recorded at cost, are reflected in the accompanying consolidated financial statements as contributions of nonfinancial assets and offset by like amounts included in expenses.

**BLUEBIRD EDUCATION NETWORK, INC.
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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses - Expenses are presented by both functional and natural classification in the statement of functional expenses. Expenses that are directly identifiable with a particular function are charged to the program or supporting service benefited. Other expenses may benefit more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis.

Income Taxes - Bluebird Education Network, Inc. and Patterson Park Public Charter School Fund, Inc. are both nonprofit organizations operating under section 501(c)(3) of the Internal Revenue Code, and are generally exempt from federal, state, and local income taxes. Accordingly, no provision for income taxes is included in the consolidated financial statements. The School and the Fund are no longer subject to U.S. federal or state income tax examinations by tax authorities for years ending before June 30, 2022.

Debt Issuance Costs - The School records all costs incurred in the process of acquiring debt as a discount against the debt. The costs are then amortized over the term of the debt.

Interest Rate Swap Agreement - The School makes limited use of derivative instruments for the purpose of managing interest rate risks. A single interest rate swap agreement was used to convert the School's floating rate on its long-term bonds to a fixed rate note (see Note 7 and 8). The differentials paid or received on interest rate swap agreement are recognized as an adjustment to interest expense. This interest rate swap agreement has not been designated as an accounting hedge and therefore, changes in the fair value of the interest rate swap agreement during the year are recognized in the consolidated statements of activities and changes in net assets as unrealized gains or losses. As of June 30, 2025 and 2024, the fair value of the interest rate swap agreement was \$407,303 and \$194,216, respectively, and is included in the consolidated statements of financial position.

Leases - The School calculates its operating lease right-of-use asset and operating lease liability using its incremental borrowing rate and terms under the lease agreements. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized. The School amortizes the operating lease right-of-use asset over the lease term.

**BLUEBIRD EDUCATION NETWORK, INC.
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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

2. Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position that sum to the totals of the same such amounts in the consolidated statements of cash flows:

	2025	2024
Cash and cash equivalents	\$ 8,058,417	\$ 6,164,678
Cash - restricted	441,261	696,761
	\$ 8,499,678	\$ 6,861,439

3. Grants and Contributions Receivable

Grants and accounts receivable represent amounts due from governmental agencies, foundations, and other organizations under grant agreements and are deemed fully collectible by management. Collection of all grants and contributions receivable is expected within one year. Grants and accounts receivable are as follows at June 30, 2025 and 2024:

	2025	2024
Contributions receivable	\$ 282,340	\$ 980,876
Grants receivable	129,682	394,931
	\$ 412,022	\$ 1,375,807

4. Investments and Fair Value Measurements

The fair value measurements and levels within the hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2025 and 2024 are as follows:

	2025		
	Fair Value Measurements at the End of the Reporting Period Using:		
Cost	Fair Value at Quoted Prices for Active Markets for Identical Assets (Level 1)	Unrealized Gain	
Common stock	\$ 439,932	\$ 592,603	\$ 152,671

**BLUEBIRD EDUCATION NETWORK, INC.
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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

4. Investments and Fair Value Measurements (continued)

	2024		
	Fair Value Measurements at the End of the Reporting Period Using:		
	Cost	Fair Value at Quoted Prices for Active Markets for Identical Assets (Level 1)	Unrealized Gain
Certificates of deposit	\$ 314,000	\$ 315,751	\$ 1,751
Exchange-traded products	396,781	545,362	148,581
	\$ 710,781	\$ 861,113	\$ 150,332

A summary of return on investments consists of the following for the years ended June 30, 2025 and 2024, respectively:

	2025	2024
Interest and dividends	\$ 59,529	\$ 60,519
Unrealized gains	2,339	34,799
Realized gains	41,875	20,618
Investment fees	(10,401)	(9,414)
	\$ 93,342	\$ 106,522

The fair value measurement accounting literature establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The School uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the School measures the fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There were no investments requiring the use of Level 2 and 3 inputs for the periods presented.

Level 1 Fair Value Measurements

Certificates of deposit and exchange-traded products are valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting period.

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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

4. Investments and Fair Value Measurements (continued)

The School's policy is to invest in Level 1 assets and accordingly there are no significant transfers between levels in the fair value hierarchy for years ended June 30, 2025 and 2024.

5. Net Property and Equipment - At Cost

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

	2025	2024
Land, security for bond	\$ 516,000	516,000
School buildings, security for bond	22,803,776	21,605,510
Furniture, computers and other equipment	1,927,183	1,773,961
Construction in progress	579,601	41,633
	25,826,560	23,937,104
Less: accumulated depreciation	8,553,907	7,501,526
	\$ 17,272,653	\$ 16,435,578

Depreciation expense was \$1,052,380 and \$890,855 for the years ended June 30, 2025 and 2024.

6. Construction in Progress

During the year ended June 30, 2024, the School started an HVAC project and incurred \$41,633 in construction costs. This project was completed and placed in service during the year ended June 30, 2025 and is included in school buildings. During the year ended June 30, 2025, the School began construction on its leased property, 6400 E. Pratt Street, Baltimore City and incurred \$579,601 in construction costs. Total construction in progress reflected in the consolidated statements of financial position as of June 30, 2025 and 2024, were \$579,601 and \$41,633, respectively.

7. Long-term Debt - Bonds and Notes Payable

On March 16, 2010, the Maryland Health and Higher Education Facilities Authority (MHHEFA) issued two series of bonds – its \$13,085,000 Series 2010A (Tax-Exempt) and its \$580,000 Series 2010B Bonds (Taxable) - and loaned the proceeds of the bonds to the School to refinance the purchase of the School property, the construction of the initial building improvements, and the construction and equipment of the additional building for the School. The loan was secured by a security interest in the School's receipts and a Deed of Trust from the School.

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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

7. Long-term Debt - Bonds and Notes Payable (continued)

On October 23, 2019, the School refinanced the MHHEFA Series 2010 Bonds and MHHEFA issued a 2019 revenue bond which was purchased by BBVA Mortgage Corporation. The loan is secured by a security interest in the School's receipts and a Deed of Trust from the School. The 2019 bonds are issued at a fixed rate of 3.21% from the date of issuance of the Bond until October 1, 2029. After this date, interest is to be calculated based on a floating rate of the applicable percentage multiplied by the sum of LIBOR plus the applicable spread.

During the year ended June 30, 2024, the remaining \$11,191,000 of principal was repaid.

The School incurred debt issuance costs of \$236,371 in connection with the 2019 bonds. These costs are being amortized over the life of the bonds using the straight-line method. Debt issuance costs are reported on the consolidated statement of financial position as a direct deduction from the face amount of the bonds payable. As a result of the bonds being repaid early, the remaining \$205,001 unamortized debt issuance costs were amortized during the year ended June 30, 2024.

In August 2023, the School received \$1,000,000 in loan proceeds from a non-revolving bridge loan payable with a maturity date of November 30, 2023. All principal plus interest at prime rate was paid at the maturity date.

In November 2023, the School refinanced the MHHEFA Series 2019 bonds and the bridge note payable with proceeds from MHHEFA bonds of \$11,680,000 Series 2023A and \$2,190,000 Series 2023B and a \$3,600,000 note payable from a non-profit corporation. The MHHEFA bonds and subordinate note payable are secured by a security interest in the School's receipts and a Deed of Trust from the School. The bonds are issued at a floating rate that is calculated based on the applicable percentage multiplied by the sum of Term SOFR plus the applicable spread. The taxable subordinate note payable bears a fixed interest rate of 7%.

Payments of interest beginning December 2023 through September 2031 and variable monthly payment of interest and principal are to be made from October 2031 through November 2053 for the 2023A bonds. Payments of interest beginning December 2023 through June 2026 and variable monthly payment of interest and principal are to be made from July 2026 through November 2031 for the 2023B bonds. Payments of interest beginning December 2023 through June 2026 and equal monthly payment of interest and principal in the amount of \$23,259 are to be made from July 2026 through July 2061 for the subordinate note payable.

The School entered into an interest rate swap agreement to reduce the impact of changes in interest rates on its floating rate long-term debt. The agreement was entered into with a commercial bank. The variable interest rate on the 2023A bonds was 4.60% and 5.40% at June 30, 2025 and 2024, respectively, and the variable interest rate on the 2023B bonds was 4.80% and 5.59% at June 30, 2025 and 2024, respectively. The agreement converted the variable interest for the 2023A bonds to a fixed interest rate of 5.12% at June 30, 2025 and 2024. The agreement converted the variable interest for the 2023B bonds to a fixed interest rate of 5.37% at June 30, 2025 and 2024, respectively.

**BLUEBIRD EDUCATION NETWORK, INC.
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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

7. Long-term Debt - Bonds and Notes Payable (continued)

For the years ended June 30, 2025 and 2024, interest incurred on the Bonds totaled \$588,056 and \$609,301 respectively, and interest is paid monthly.

As of June 30, 2025 and 2024, the School has \$441,261 and \$696,761 held in escrow for the purpose of funding future interest payments and capital improvements specified in the debt agreement.

The cost of the bridge loan issuance in the amount of \$106,520 is amortized over the life of the note using the straight-line method. Amortization was \$-0- and \$106,520 for the years ended June 30, 2025 and 2024, respectively.

The School incurred debt issuance costs of \$270,465 in connection with the 2023 bonds. These costs are being amortized over the life of the bonds using the straight-line method. Amortization was \$12,616 and \$8,410 for the years ended June 30, 2025 and 2024, respectively.

The School incurred debt issuance costs of \$653,940 in connection with the subordinate note payable. These costs are being amortized over the life of the bonds using the straight-line method. Amortization was \$17,438 and \$11,626 for the years ended June 30, 2025 and 2024, respectively.

The bonds and taxable subordinate loan principal payments are due as follows at June 30:

Years Ending June 30:

2026	\$	- 0 -
2027		264,371
2028		265,453
2029		453,024
2030		543,079
Thereafter		<u>15,944,073</u>
	\$	<u>17,470,000</u>

On July 26, 2021, the School borrowed \$500,000 from a bank. The note bore an interest rate 3.15%. Payments of interest were made beginning September 1, 2021 through January 1, 2022 and equal monthly payments of interest and principal in the amount of \$7,630 were to be made from February 1, 2022 through July 1, 2024. The remaining unpaid principal and accrued interest was to be paid on August 1, 2024. The note was paid off during the year ending June 30, 2024.

For the years ended June 30, 2025 and 2024, interest incurred on the notes totaled \$255,500 and \$174,577, respectively, and interest was paid monthly.

**BLUEBIRD EDUCATION NETWORK, INC.
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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

7. Long-term Debt - Bonds and Notes Payable (continued)

The 2023 Bonds and notes payable carry numerous covenants, which included a debt service coverage of at least one point ten to one (1.10:1) and an unrestricted liquidity of \$1,500,000, which shall be tested as of the last day of each of the School's fiscal years. As of June 30, 2025 and 2024, the School was in compliance with the covenants on its 2023 bonds and notes payable debt covenants.

Bonds and notes payable consisted of the following at June 30, 2025 and 2024:

	2025	2024
Principal amount	\$ 17,470,000	\$ 17,470,000
Less: current portion	- 0 -	- 0 -
Less: unamortized debt issuance costs	(874,315)	(904,369)
	\$ 16,595,685	\$ 16,565,631

8. Interest Rate Swap Agreement

The School exercised an interest rate swap agreement to reduce the impact of changes in interest rates on its floating rate long-term debt. The agreement was entered into with a commercial bank. At June 30, 2025 and 2024, the outstanding notional amount was \$11,680,000 on 2023A and \$2,190,000 on 2023B bonds, respectively. The agreement converts the variable interest on the 2023A bonds of 4.60% and 5.40% at June 30, 2025 and 2024, respectively, and the 2023B bonds of 4.80% and 5.59% at June 30, 2025 and 2024, respectively, to a fixed interest rate. The agreement converted the variable interest for the 2023A bonds to a fixed interest rate of 5.12% at June 30, 2025 and 2024. The agreement converted the variable interest for the 2023B bonds to a fixed interest rate of 5.37% at June 30, 2025 and 2024, respectively.

The original notional principal amount of the swap agreement was \$11,680,000 on 2023A and \$2,190,000 on 2023B bonds. The amount of interest incurred related to this agreement and the underlying 2023 bonds totaled \$588,056 and \$609,301 for the years ended June 30, 2025 and 2024.

At June 30, 2025 and 2024, the swap agreement is reflected in the School's consolidated financial statements as a liability with a fair value of \$407,303 and \$194,216, respectively. The School measures the interest rate swap agreement at fair value on a recurring basis as of June 30, 2025 and 2024 using Level 2 inputs. Level 2 inputs are inputs other than quoted prices that are observable for the liability, either directly or indirectly.

The School is exposed to credit loss in the event of non-performance by the other party to the interest rate swap agreement. However, the School does not anticipate nonperformance by the counterparties.

**BLUEBIRD EDUCATION NETWORK, INC.
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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

9. Net Assets with Donor Restrictions

Net assets with donor restrictions June 30, 2025 and 2024 are available for the following purposes:

	2025	2024
Purpose restrictions, available for spending:		
Capital Improvements	\$ - 0 -	\$ 320,273
Summer camp	209,514	200,859
Other program restrictions	185,540	69,765
	\$ 395,054	\$ 590,897

Net assets with donor restrictions were released during the years ended June 30, 2025 and 2024 as follows:

	2025	2024
Purpose restrictions:		
Capital Improvements	\$ 320,273	\$ 18,230
Summer camp	- 0 -	136,820
Other program restrictions	- 0 -	78,392
	\$ 320,273	\$ 233,442

10. Revenue Concentration

For each year ended June 30, 2025 and 2024, the School received approximately 91% and 93%, respectively, of its revenue from Baltimore City Public Schools (BCPS) under the terms of a charter agreement.

Under the current Charter School Agreement, the School's charter for Patterson Park Public Charter School expires on June 30, 2031. The School's charter for Clay Hill Public Charter School expires on June 30, 2026. Management must apply for an extension at least one hundred twenty (120) days prior to the end of the term.

	2025	2024
Contributed services and nonfinancial assets:		
Teachers and other support	\$ 12,300,241	\$ 12,076,537
Program contracts	78,807	95,915
Material and supplies	43,691	366
Grants	5,264,717	6,473,684
	\$ 17,687,456	\$ 18,646,502

A significant reduction in this level of support, if this were to occur, may have an effect on the School's programs and activities.

**BLUEBIRD EDUCATION NETWORK, INC.
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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

11. Leasing Activities

In December 2020, the School signed an operating lease agreement with the Archdiocese of Baltimore to lease 6400 E. Pratt Street, Baltimore City for the Clay Hill Public Charter School to operate. The initial term was for three years with rent commencing August 1, 2021 and the lease expiring on July 31, 2024.

In October 2023, the School amended and restated its lease agreement with the Archdiocese of Baltimore for the building at 6400 E. Pratt Street, Baltimore City for the Clay Hill Public Charter School. The new lease commenced on October 1, 2023, and expires on July 1, 2073. The lease includes a purchase option for \$3,200,000 that can be exercised beginning on September 1, 2025. Interest is calculated at the rate of 6.5%.

During the year ended June 30, 2025, the School reassessed its finance lease for the building and concluded that the purchase option is reasonably certain to be exercised. As a result, the lease liability and corresponding asset included in school buildings were increased prospectively to include the present value of the purchase option. Prior period consolidated financial statements have not been restated, as this represents a change in estimate under ASC 842.

The School leases copiers under a non-cancelable finance lease, with a term of 60 months. The lease expires July 2026. Monthly payments of \$544, including interest and collateralized by the equipment.

The School leases copiers under a non-cancelable finance lease, with a term of 60 months. The lease expires October 2027. Monthly payments of \$2,313, including interest and collateralized by the equipment.

The School leases a copier under a non-cancelable finance lease, with a term of 60 months. The lease expires September 2029. Monthly payments of \$323, including interest and collateralized by the equipment.

The following summarizes the line items in the consolidated statements of financial position which include amounts for finance leases as of June 30:

	2025	2024
Finance Leases		
Property and equipment	\$ 3,868,406	\$ 3,166,161
Less: accumulated depreciation	303,439	131,335
Property and equipment, net	\$ 3,564,967	\$ 3,034,826
Current finance lease obligations	\$ 33,243	\$ 28,150
Long-term finance lease obligations	3,982,610	3,151,797
Total finance lease obligations	\$ 4,015,853	\$ 3,179,947

**BLUEBIRD EDUCATION NETWORK, INC.
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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

11. Leasing Activities (continued)

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	2025	2024
Weighted Average Remaining Lease Term		
Finance Leases	47.1 years	48.1 years
Weighted Average Discount Rate		
Finance Leases	6.52%	6.53%

The maturities of lease liabilities as of June 30, 2025 were as follows:

	Finance
Years ending June 30:	
2026	196,588
2027	200,084
2028	175,594
2029	165,798
2030	196,978
Thereafter	17,065,230
Total lease payments	18,000,272
Less: interest	(13,984,419)
Present value of lease obligations	\$ 4,015,853

The following summarizes the line items in the consolidated statements of activities which include the components of lease expense for the year ended June 30:

	2025	2024
Operating lease costs:		
Operating lease expense included in management and general expenses	\$ - 0 -	\$ 15,200
Finance lease costs:		
Amortization of lease assets included in program services expenses	\$ 168,662	\$ 102,354
Amortization of lease assets included in management and general expenses	3,442	2,089
Interest on lease liabilities included in program services expenses	239,216	112,172
Interest on lease liabilities included in management and general expenses	49,111	28,013
Total finance lease costs	\$ 460,431	\$ 244,628

**BLUEBIRD EDUCATION NETWORK, INC.
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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

11. Leasing Activities (continued)

The following summarizes cash flow information related to leases for the year ended June 30:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ - 0 -	\$ 20,000
Financing cash flows from finance leases	\$ 30,302	\$ 26,249
Lease assets obtained in exchange for lease obligations:		
Finance leases	\$ 16,533	\$ 3,021,653

The School is concurrently subleasing a portion of the building to Our Lady of Fatima Roman Catholic Congregation, Inc. (the Subtenant). The School will not receive any rental payments from the Subtenant, however, the Subtenant is responsible for 37.8% of all utility costs. Additionally, the School and the Subtenant are required to maintain minimum heating and cooling requirements. The Subtenant is responsible for repairs and maintenance to the heating and cooling system, not to exceed \$5,000 per occurrence and \$15,000 per year in the aggregate. The School is obligated for one replacement each of the heating and cooling system during the sublease term. The Subtenant must repay the School for 50% of the total costs incurred, with respect to the replacement of the heating and/or cooling system, in equal installments over the remaining HVAC term.

12. Retirement Plan

The School has a 401(k) Profit Sharing Plan for individuals who are not employees of Baltimore City Public Schools, administered by a third-party organization. All eligible employees participate and are able to withhold the maximum limited by current income tax law. For employees who have attained the age of 21 the matching contribution is 100% of each participant's contribution, up to 5% of their gross salary. Retirement expense was \$17,318 and \$24,317 for the years ended June 30, 2025 and 2024, and is included in fringe benefits on the consolidated statements of functional expenses.

Employees of the Baltimore City Public Schools participate in a retirement plan sponsored by the City.

**BLUEBIRD EDUCATION NETWORK, INC.
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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

13. Liquidity and Availability of Financial Assets

The following reflects the School’s financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2025	2024
Financial assets at year end	\$ 9,504,303	\$ 9,098,359
Less those unavailable for general expenditures within one year, due to:		
Cash - restricted	(441,261)	(696,761)
Restricted by donors with purpose or time restrictions	(395,054)	(590,897)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,667,988	\$ 7,810,701

The School maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of the School’s liquidity management, it invests cash in excess of daily requirements into various investment securities, such as certificates of deposit and exchange-traded products.

14. Commitments and Contingencies

The School is involved in a lawsuit with several other Baltimore City Charter Schools against Baltimore City Public School System, alleging the district’s funding formula for charter schools violates the state law and threatens their ability to serve charter school students. The School is waiting to find out from the courts if the district will be required to give the charter schools financial data. The outcome of this lawsuit is unknown at this time, however any amounts received by the School as a result of this lawsuit will be recorded as income in the year received.

During the year ended June 30, 2025, the School contracted with a construction contractor for renovations and repair to Clay Hill Public Charter School with a total contract cost of \$1,237,000. As of June 30, 2025, \$359,585 of costs were incurred and are included in construction in progress net property and equipment in the consolidated statements of financial position. As of June 30, 2025, the School has a remaining commitment of \$877,415.

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Notes to Consolidated Financial Statements
June 30, 2025 and 2024

15. CARES Act and Coronavirus Relief Funding

To provide direct economic aid to the people and businesses negatively impacted by the COVID-19 pandemic, the Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), in March 2020. The relief funding allows educational institutions, through numerous grants, to spend allocated money directly on the needs of the students, teachers, and other means of COVID-19 recovery. For the years ended June 30, 2025 and 2024, the School incurred \$1,688 and \$2,155,933 of COVID-19 related expenses paid directly by Baltimore City Public School System.

This revenue is included in BCPSS contributed services and contribution of nonfinancial assets in the consolidated statements of activities and changes in net assets for the years ended June 30, 2025 and 2024, respectively.

16. Concentration of Credit Risk

In the ordinary course of business, the School's cash, cash equivalents, and investment balances may exceed the FDIC and SIPC insurance limits. The School continually reviews credit concentrations as part of its asset and liability management.

17. Risks and Uncertainties

The School may invest in various types of marketable securities. Marketable securities are exposed to various risks, including, among others, interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in the values of these securities may occur in the near term and that such change could materially affect the amounts reported in the consolidated statements of financial position.

18. Supplemental Cash Flow Information

The School's supplemental cash flow information consisted of the following for the years ended June 30:

	2025	2024
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
SUPPLEMENTAL DISCLOSURE OF OPERATING ACTIVITIES		
Cash paid during the year for interest	\$ 1,161,938	\$ 1,255,440
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of property through finance lease obligation	\$ 16,533	\$ 3,021,653
Construction in progress placed in service	\$ 41,633	\$ 2,828,508
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES:		
BCPSS contributed nonfinancial assets	\$ 43,691	\$ 366

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements
June 30, 2025 and 2024

19. Summarized Financial Data

Summarized financial data for the Fund as of and for the years ended June 30, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 571,523	\$ 411,356
Investments	- 0 -	135,753
Total assets	571,523	547,109
Net assets	571,523	547,109
Revenue	24,414	27,969
Expenses	- 0 -	175

20. Subsequent Events

Management has evaluated subsequent events through January 27, 2026, the date which the consolidated financial statements were available to be issued.

In December 2025, the School purchased the property at 2638 E. Baltimore Street, Baltimore with cash in the amount of \$1,000,000.

SUPPLEMENTARY FINANCIAL INFORMATION

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

Schedule of Consolidating Statement of Financial Position
June 30, 2025

ASSETS

	Patterson Park Public Charter School	Clay Hill Public Charter School	Patterson Park Public Charter School Fund Inc.	Intra- Organization Eliminations	Total
CURRENT ASSETS:					
Cash and cash equivalents	\$ 5,863,791	\$ 1,623,103	\$ 571,523	\$ - 0 -	\$ 8,058,417
Contributions receivable	127,809	154,531	- 0 -	- 0 -	282,340
Grants receivable	5,083	124,599	- 0 -	- 0 -	129,682
Prepaid expenses	75,368	8,991	- 0 -	- 0 -	84,359
Total Current Assets	6,072,051	1,911,224	571,523	- 0 -	8,554,798
NET PROPERTY AND EQUIPMENT - AT COST	7,850,206	9,422,447	- 0 -	- 0 -	17,272,653
OTHER ASSETS:					
Investments	592,603	- 0 -	- 0 -	- 0 -	592,603
Cash - restricted	- 0 -	441,261	- 0 -	- 0 -	441,261
Total Other Assets	592,603	441,261	- 0 -	- 0 -	1,033,864
TOTAL ASSETS	\$ 14,514,860	\$ 11,774,932	\$ 571,523	\$ - 0 -	\$ 26,861,315
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	\$ 392,661	\$ 401,414	\$ - 0 -	\$ - 0 -	\$ 794,075
Retainage payable	- 0 -	\$ 35,958	- 0 -	-	35,958
Short-term portion - finance lease obligations	23,786	9,457	- 0 -	- 0 -	33,243
Total Current Liabilities	416,447	446,829	- 0 -	- 0 -	863,276
LONG-TERM LIABILITIES:					
Long-term debt - bond payable, net	11,464,893	5,130,792	- 0 -	- 0 -	16,595,685
Unrealized loss on interest rate swap agreement	211,798	195,505	- 0 -	- 0 -	407,303
Long-term portion - finance lease obligations	34,925	3,947,685	- 0 -	- 0 -	3,982,610
	11,711,616	9,273,982	- 0 -	- 0 -	20,985,598
NET ASSETS:					
Without donor restrictions	2,184,664	1,861,200	571,523	- 0 -	4,617,387
With donor restrictions	202,133	192,921	- 0 -	- 0 -	395,054
Total Net Assets	2,386,797	2,054,121	571,523	- 0 -	5,012,441
TOTAL LIABILITIES AND NET ASSETS	\$ 14,514,860	\$ 11,774,932	\$ 571,523	\$ - 0 -	\$ 26,861,315

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

Schedule of Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2025

	Patterson Park Public Charter School			Clay Hill Public Charter School			Patterson Park Public Charter School Fund Inc.			Grand Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE:										
Baltimore City Public Schools:										
Grants	\$ 3,467,479	\$ - 0 -	\$ 3,467,479	\$ 1,797,238	\$ - 0 -	\$ 1,797,238	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 5,264,717
Contributed services	8,192,369	- 0 -	8,192,369	4,186,679	- 0 -	4,186,679	- 0 -	- 0 -	- 0 -	12,379,048
Contributions of nonfinancial assets	13,828	- 0 -	13,828	29,863	- 0 -	29,863	- 0 -	- 0 -	- 0 -	43,691
	<u>11,673,676</u>	<u>- 0 -</u>	<u>11,673,676</u>	<u>6,013,780</u>	<u>- 0 -</u>	<u>6,013,780</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>17,687,456</u>
Public Support:										
Contributions and grants	352,616	115,852	468,468	389,478	8,578	398,056	- 0 -	- 0 -	- 0 -	866,524
Government Support:										
Grants and other revenue	569,349	- 0 -	569,349	319,448	- 0 -	319,448	- 0 -	- 0 -	- 0 -	888,797
Other Revenue (Loss):										
Student program fees	44,936	- 0 -	44,936	1,393	- 0 -	1,393	- 0 -	- 0 -	- 0 -	46,329
Other revenue	18,232	- 0 -	18,232	- 0 -	- 0 -	- 0 -	24,414	- 0 -	24,414	42,646
	<u>12,658,809</u>	<u>115,852</u>	<u>12,774,661</u>	<u>6,724,099</u>	<u>8,578</u>	<u>6,732,677</u>	<u>24,414</u>	<u>- 0 -</u>	<u>24,414</u>	<u>19,531,752</u>
Net Assets Released from Restrictions	- 0 -	- 0 -	- 0 -	320,273	(320,273)	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Total Support and Revenue	<u>12,658,809</u>	<u>115,852</u>	<u>12,774,661</u>	<u>7,044,372</u>	<u>(311,695)</u>	<u>6,732,677</u>	<u>24,414</u>	<u>- 0 -</u>	<u>24,414</u>	<u>19,531,752</u>
EXPENSES:										
Program services	10,812,933	- 0 -	10,812,933	5,915,209	- 0 -	5,915,209	- 0 -	- 0 -	- 0 -	16,728,142
Management and general	1,937,010	- 0 -	1,937,010	705,654	- 0 -	705,654	- 0 -	- 0 -	- 0 -	2,642,664
Fundraising expenses	170,857	- 0 -	170,857	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	170,857
	<u>12,920,800</u>	<u>- 0 -</u>	<u>12,920,800</u>	<u>6,620,863</u>	<u>- 0 -</u>	<u>6,620,863</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>19,541,663</u>
OTHER INCOME (EXPENSES):										
Unrealized loss on interest rate swap agreement										
	(213,087)	- 0 -	(213,087)	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	(213,087)
Investment return, net										
	93,342	- 0 -	93,342	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	93,342
	<u>(119,745)</u>	<u>- 0 -</u>	<u>(119,745)</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>(119,745)</u>
Total Expenses	<u>13,040,545</u>	<u>- 0 -</u>	<u>13,040,545</u>	<u>6,620,863</u>	<u>- 0 -</u>	<u>6,620,863</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>19,661,408</u>
CHANGE IN NET ASSETS	(381,736)	115,852	(265,884)	423,509	(311,695)	111,814	24,414	- 0 -	24,414	(129,656)
NET ASSETS AT BEGINNING OF YEAR	2,422,853	86,281	2,509,134	1,581,238	504,616	2,085,854	547,109	- 0 -	547,109	5,142,097
TRANSFERS	143,547	- 0 -	143,547	(143,547)	- 0 -	(143,547)	- 0 -	- 0 -	- 0 -	- 0 -
NET ASSETS AT END OF YEAR	<u>\$ 2,184,664</u>	<u>\$ 202,133</u>	<u>\$ 2,386,797</u>	<u>\$ 1,861,200</u>	<u>\$ 192,921</u>	<u>\$ 2,054,121</u>	<u>\$ 571,523</u>	<u>\$ - 0 -</u>	<u>\$ 571,523</u>	<u>\$ 5,012,441</u>

**BLUEBIRD EDUCATION NETWORK, INC.
AND AFFILIATE**

Schedule of Consolidating Statement of Cash Flows
For the Year Ended June 30, 2025

	Patterson Park Public Charter School	Clay Hill Public Charter School	Patterson Park Public Charter School Fund Inc.	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ (265,884)	\$ 111,814	\$ 24,414	\$ (129,656)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	590,162	462,218	- 0 -	1,052,380
Amortization included in bond interest expense	17,439	12,616	- 0 -	30,055
Unrealized loss on interest rate swap agreement	118,574	94,513	- 0 -	213,087
Unrealized gains on investments	(3,092)	- 0 -	753	(2,339)
Realized gains on investments	(41,875)	- 0 -	- 0 -	(41,875)
Cash transfers (to) from related party	(1,015,082)	1,015,082	- 0 -	- 0 -
(Increase) decrease in assets:				
Contributions receivable	605,083	93,453	- 0 -	698,536
Grants receivable	301,713	(36,464)	- 0 -	265,249
Prepaid expenses	20,608	(8,991)	- 0 -	11,617
Increase (decrease) in liabilities:				
Accounts payable and accrued expense	(125,460)	371,513	- 0 -	246,053
Accrued interest included in finance lease obligations	- 0 -	163,963	- 0 -	163,963
Retainage payable	- 0 -	35,958	- 0 -	35,958
Net Cash Provided by (Used in) Operating Activities	<u>202,186</u>	<u>2,315,675</u>	<u>25,167</u>	<u>2,543,028</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	(196,790)	- 0 -	- 0 -	(196,790)
Proceeds from sales of investments	374,513	- 0 -	135,000	509,513
Additions to construction in progress	- 0 -	(579,601)	- 0 -	(579,601)
Purchases of property additions	(518,740)	(88,869)	- 0 -	(607,609)
Net Cash Provided by (Used in) Investing Activities	<u>(341,017)</u>	<u>(668,470)</u>	<u>135,000</u>	<u>(874,487)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Principal payments on finance lease obligations	(21,903)	(8,399)	- 0 -	(30,302)
Net Cash Provided by Financing Activities	<u>(21,903)</u>	<u>(8,399)</u>	<u>- 0 -</u>	<u>(30,302)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(160,734)	1,638,806	160,167	1,638,239
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>6,024,525</u>	<u>425,558</u>	<u>411,356</u>	<u>6,861,439</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 5,863,791</u>	<u>\$ 2,064,364</u>	<u>\$ 571,523</u>	<u>\$ 8,499,678</u>
SUPPLEMENTAL DISCLOSURE OF OPERATING ACTIVITIES				
Cash paid during the year for interest	\$ 662,104	\$ 499,834	\$ - 0 -	\$ 1,161,938
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES				
Acquisition of property through finance lease obligation	\$ 16,533	\$ - 0 -	\$ - 0 -	\$ 16,533
Construction in progress placed in service	\$ - 0 -	\$ 41,633	\$ - 0 -	\$ 41,633
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES				
BCPSS in-kind support, contributed materials and supplies	\$ 13,828	\$ 29,863	\$ - 0 -	\$ 43,691