

**BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS**

**BRONX, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**OTHER FINANCIAL INFORMATION**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2024**

**(With Comparative Totals for 2023)**



BUSINESS  
ADVISORS  
AND CPAS

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BUSINESS  
ADVISORS  
AND CPAS

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Brilla College Preparatory Charter Schools

### ***Opinion***

We have audited the financial statements of Brilla College Preparatory Charter Schools, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brilla College Preparatory Charter Schools as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brilla College Preparatory Charter Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Brilla College Preparatory Charter Schools ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's 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 auditor's 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 GAAS 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 GAAS, 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 Brilla College Preparatory Charter Schools 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 Brilla College Preparatory Charter Schools ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited Brilla College Preparatory Charter Schools June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2023. In our opinion, the summarized comparative information presented herein as of June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration of Brilla College Preparatory Charter Schools internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brilla College Preparatory Charter Schools internal control over financial reporting and compliance.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 30, 2024

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

(With Comparative Totals for 2023)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 11,223,182	\$ 10,920,726
Certificates of deposit	3,254,050	2,212,867
Grants and other receivables	3,927,652	3,741,482
Investments	2,868,909	1,554,476
Prepaid expenses and other current assets	<u>1,233,905</u>	<u>884,891</u>
TOTAL CURRENT ASSETS	22,507,698	19,314,442
<u>PROPERTY AND EQUIPMENT, net</u>	6,081,328	5,371,550
<u>OTHER ASSETS</u>		
Security deposits	734,178	704,178
Cash in escrow	225,147	200,103
Right-of-use assets	<u>216,098,046</u>	<u>201,207,003</u>
	<u>217,057,371</u>	<u>202,111,284</u>
TOTAL ASSETS	<u>\$ 245,646,397</u>	<u>\$ 226,797,276</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 1,778,980	\$ 836,261
Current portion of lease liabilities	2,442,875	2,906,281
Accrued payroll and benefits	<u>1,545,752</u>	<u>1,458,395</u>
TOTAL CURRENT LIABILITIES	5,767,607	5,200,937
<u>OTHER LIABILITIES</u>		
Long-term lease liabilities	<u>226,850,729</u>	<u>207,289,548</u>
	<u>226,850,729</u>	<u>207,289,548</u>
TOTAL LIABILITIES	232,618,336	212,490,485
<u>NET ASSETS - without donor restrictions</u>	<u>13,028,061</u>	<u>14,306,791</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 245,646,397</u>	<u>\$ 226,797,276</u>

The accompanying notes are an integral part of the financial statements.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

JUNE 30, 2024

(With Comparative Totals for 2023)

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenue, gains and other support:		
Public school district:		
Resident student enrollment	\$ 33,207,618	\$ 28,995,792
Students with disabilities	4,598,996	4,093,631
Grants and contracts:		
State and local	51,138	76,848
Federal - Title and IDEA	1,829,093	1,567,367
Federal - other	2,837,570	5,003,161
Food service / Child nutrition program	218,442	-
NYC DOE Rental Assistance	<u>9,641,942</u>	<u>7,397,653</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	52,384,799	47,134,452
Expenses:		
Program:		
Regular education	31,121,793	29,030,720
Special education	<u>11,060,787</u>	<u>9,945,674</u>
TOTAL PROGRAM SERVICES	42,182,580	38,976,394
Management and general	<u>13,247,123</u>	<u>11,822,276</u>
TOTAL OPERATING EXPENSES	<u>55,429,703</u>	<u>50,798,670</u>
DEFICIT FROM SCHOOL OPERATIONS	(3,044,904)	(3,664,218)
Support and other revenue:		
Contributions:		
Foundations	145,000	1,081,800
Individuals	3,000	2,245
Corporation	160,828	438,765
Employee Retention Credit	1,091,976	1,050,586
Interest income	298,378	196,721
Miscellaneous income	<u>66,992</u>	<u>24,107</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>1,766,174</u>	<u>2,794,224</u>
CHANGE IN NET ASSETS	(1,278,730)	(869,994)
Net assets at beginning of year	<u>14,306,791</u>	<u>15,176,785</u>
NET ASSETS AT END OF YEAR	<u>\$ 13,028,061</u>	<u>\$ 14,306,791</u>

The accompanying notes are an integral part of the financial statements.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES

JUNE 30, 2024  
(With Comparative Totals for 2023)

	Year ended June 30,						Year Ended June 30, 2023
	2024						
	No. of Positions	Regular Education	Special Education	Sub-total	Supporting Services Management and general	Total	
Personnel services costs:							
Administrative staff personnel	46	\$ 3,179,927	\$ 806,077	\$ 3,986,004	\$ 2,047,941	\$ 6,033,945	\$ 6,179,389
Instructional personnel	166	9,347,229	4,962,143	14,309,372	-	14,309,372	13,650,570
Total salaries and wages	212	12,527,156	5,768,220	18,295,376	2,047,941	20,343,317	19,829,959
Fringe benefits and payroll taxes		2,215,387	1,025,064	3,240,451	360,892	3,601,343	3,573,128
Retirement benefits		361,498	166,151	527,649	59,084	586,733	557,131
Legal services		-	-	-	174,431	174,431	110,787
Accounting/Audit services		-	-	-	76,587	76,587	64,663
Management company fees		-	-	-	5,728,035	5,728,035	4,986,620
Other Purchased/Professional/Consulting Services		1,678,964	437,307	2,116,271	590,544	2,706,815	2,849,138
Building rent		10,133,466	2,531,136	12,664,602	2,967,985	15,632,587	13,514,844
Repairs and maintenance		55,701	15,562	71,263	16,850	88,113	126,318
Insurance expense		221,230	54,983	276,213	64,309	340,522	268,170
Utilities		503	153	656	161	817	599
Supplies/Materials		844,950	214,878	1,059,828	-	1,059,828	1,110,631
Equipment/Furnishings		23,154	6,224	29,378	7,161	36,539	46,451
Leased equipment		104,590	26,264	130,854	31,267	162,121	134,604
Staff development		314,838	138,944	453,782	77,853	531,635	586,786
Marketing/Recruitment		747,274	177,708	924,982	21,097	946,079	520,706
Technology		243,875	60,689	304,564	70,406	374,970	384,145
Food services		351,892	102,312	454,204	-	454,204	878
Student services		411,804	103,621	515,425	-	515,425	526,416
Office expense		11,486	3,056	14,542	112,190	126,732	144,195
Travel and conferences		15,242	3,858	19,100	5,233	24,333	36,651
Depreciation and amortization		785,774	200,352	986,126	232,373	1,218,499	976,667
Other		73,009	24,305	97,314	602,724	700,038	449,183
		<u>\$ 31,121,793</u>	<u>\$ 11,060,787</u>	<u>\$ 42,182,580</u>	<u>\$ 13,247,123</u>	<u>\$ 55,429,703</u>	<u>\$ 50,798,670</u>

The accompanying notes are an integral part of the financial statements.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF CASH FLOWS

JUNE 30, 2024

(With Comparative Totals for 2023)

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ (1,278,730)	\$ (869,994)
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	1,218,499	976,668
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(186,170)	(1,612,403)
Prepaid expenses and other current assets	(349,014)	420,352
Security deposits	(30,000)	(110,000)
Accounts payable and accrued expenses	942,719	(61,032)
Accrued payroll and benefits	87,357	396,560
Lease liabilities, net of right-of-use assets	4,206,732	8,988,826
Deferred lease liability	-	(4,503,747)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	4,611,393	3,625,230
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of investments	(9,822,433)	-
Purchases of certificates of deposit	(1,041,183)	(1,209,636)
Proceeds from sales of investments	8,508,000	3,067,748
Purchases of property and equipment	(1,928,277)	(4,267,763)
NET CASH USED FOR INVESTING ACTIVITIES	(4,283,893)	(2,409,651)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	327,500	1,215,579
Cash and cash equivalents and restricted cash at beginning of year	11,120,829	9,905,250
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 11,448,329</u>	<u>\$ 11,120,829</u>
Reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash and cash equivalents	\$ 11,223,182	\$ 10,920,726
Cash in escrow	225,147	200,103
	<u>\$ 11,448,329</u>	<u>\$ 11,120,829</u>

The accompanying notes are an integral part of the financial statements.

## BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

(With Comparative Totals for 2023)

#### NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### The Charter School

Brilla College Preparatory Charter Schools (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York.

The Charter currently possesses four charters granted by the SUNY Board of Trustees’ Charter School Committee (SUNY). Brilla College Preparatory Charter School was granted its third renewal in December 2022 for a two-year term through and including July 2025. Brilla Veritas Charter School was granted its first renewal in November 2021 for a three-year term through and including July 2025. These were considered “full” renewals, with a shorter term to begin to align charter terms among all four schools. In October 2018, SUNY approved the initial five-year charters for Brilla Caritas Charter School and Brilla Pax Charter School, which opened in August of 2020 with expiration in June 2025.

The Charter School was established to provide its students in grades K-8 with traditional academic skills to develop their cognitive, social, emotional, and physical excellence.

In December 2021, the SUNY approved a revision to its charter to create Vertex Partnership Academies Inc. (“Vertex”), a joint high school program with Public Prep Charter School (“PPA”). Also, in December 2021, the Charter School signed an agreement with PPA to manage a joint high school incorporating scholars from both charter schools. The first Vertex campus opened in the Bronx in Fall 2022. See additional information as described in Note O.

The Charter School is currently in the process of renewing its charter as granted by the SUNY Board of Trustees’. The Charter renewal will cover Brilla College Preparatory Charter School, Brilla Veritas Charter School, Brilla Caritas Charter School, and Brilla Pax Charter School. The renewal process includes review by the State University of New York Charter Schools Institute (CSI) of various operational and governance aspects, including fiscal health and internal controls, board governance, and academic performance. The Charter School has submitted its application for renewal. Upon review of the application and results, CSI will determine if the charter should be renewed and if so, for how long. Successful charter renewals can range from one to five years. At this time, management of the Charter School expects the charter to be renewed.

##### Classification of net assets

The financial statements of the Charter School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Charter School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

These classes of net assets are defined as follows:

##### *Net Assets Without Donor Restrictions*

The net assets over which the Board of Trustees has discretionary control to use in carrying on the Charter School’s operations in accordance with the guidelines established by the Charter School. The Board may designate portions of the current net assets without donor restrictions for specific purposes, projects or investment.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had no net assets with donor restrictions at June 30, 2024 and 2023.

Revenue and support recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

The Charter School records substantially all revenues over time as follows:

Public school district revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns state and local per pupil revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter, and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the charter school can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

The following table summarizes contract balances at their respective statement of financial position dates:

	<u>June 30,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Grants and other receivables	\$ 56,741	\$ 83,234	\$ 22,502

Contributions

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants and contracts receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. The Charter School received cost-reimbursement grants of approximately \$6,800 that have not been recognized at June 30, 2024, because qualifying expenditures have not yet been incurred.

Cash and cash equivalents

Cash and cash equivalents and certificates of deposit balances are maintained at financial institutions located in New York and are insured by the FDIC up to \$250,000 at each institution. The Charter School considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Cash and cash equivalents and restricted cash balances consisted of the following:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 11,223,182	\$ 10,920,726
Cash in escrow	<u>225,147</u>	<u>200,103</u>
	<u>\$ 11,448,329</u>	<u>\$ 11,120,829</u>

Cash in escrow

The Charter School maintained cash in an escrow account in accordance with the terms of its Charter agreement, to pay off expenses in the event of dissolution of the Charter School.

Investments

Investments are maintained in accordance with the Charter School's Finance Policy Manual. The goals of this policy are the preservation of principal, the maintenance of liquidity, and to obtain a competitive return on investment subject to prevailing market conditions and safe and sound investment practices. Assets within this portfolio will be permitted to have investments maturing in one year or less.

Investments consist of the following:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
U.S. Treasury Bills	<u>\$ 2,868,909</u>	<u>\$ 1,554,476</u>

Grants and other receivables

At each fiscal year end, the Charter School evaluates the need for an expected allowance for credit losses for all outstanding balances that fall under ASU 2014-09. As necessary, the allowance for credit losses is updated at fiscal year-end to reflect any changes in credit risk since the receivables was initially recorded. The allowance for credit losses is calculated on a pooled basis where similar risk characteristics exist.

The Charter School uses historical loss data as a starting point to estimate expected credit losses, given consistent revenue sources since its inception. There were no write-offs for the years ended June 30, 2024 and 2023.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to ten years. Leasehold improvements are amortized over the term of the lease.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Major renewals and betterments are capitalized, while repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation are removed from the accounts and the related gain or loss is reflect in operations.

Leases

The Charter School leases building space and equipment and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current liabilities, and other liabilities on the accompanying statement of financial position.

ROU assets represent the Charter School's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Charter School uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Charter School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Charter School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Charter School considers factors such as if the Charter School has obtained substantially all of the rights to the underlying asset through exclusivity, if the Charter School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Contributed services

The Charter School receives contributed services from volunteers to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed. The Charter School received food supplies and services, speech and occupational therapy, paraprofessionals, nursing services, counseling services and metro cards for student transportation from the local district.

In-kind contributions

Gifts and donations other than cash are recorded at fair market value at the date of contribution. There were no in-kind contributions received for the years ended June 30, 2024 and 2023.

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

The Charter School files tax returns in various jurisdictions and is subject to potential examination by taxing authorities. The Charter School's current and prior three years tax returns remain subject to review by taxing authorities. Management of the Charter School believes it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$946,000 and \$521,000 for the years ended June 30, 2024 and 2023, respectively.

Security deposits

Security deposits are made up of payments to third parties in connection with facility lease agreements.

Use of estimates in the preparation of financial statements

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 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparatives for the period ended June 30, 2023

The financial statements include certain prior year summarized comparative information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Charter School's financial statements for the period ended June 30, 2023, from which the summarized information was derived.

Adoption of new accounting standard – credit losses

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurements of credit losses. Financial assets held by the Charter School that are subject to the guidance in FASB 326 were receivables.

The Charter School adopted the standard effective July 1, 2023. The impact of adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 30, 2024, which is the date the financial statements are available to be issued. See Note E and Note O.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE B: LIQUIDITY AND AVAILABILITY

The Charter School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School's main source of liquidity is its cash accounts.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter School considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Charter School's cash and shows positive cash generated by operations for fiscal years 2024 and 2023.

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, comprise the following:

	June 30,	
	2024	2023
Cash and cash equivalents	\$ 11,223,182	\$ 10,920,726
Certificates of deposit	3,254,050	2,212,867
Investments	2,868,909	1,554,476
Grants and other receivables	<u>3,927,652</u>	<u>3,741,482</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 21,273,793</u>	<u>\$ 18,429,551</u>

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2024	2023
Furniture and fixtures	\$ 2,507,063	\$ 1,763,408
Computer equipment and software	2,381,578	1,991,014
Office equipment	809,689	763,416
Leasehold improvements	<u>4,087,872</u>	<u>3,353,760</u>
	12,867,175	10,938,897
Less accumulated depreciation and amortization	<u>6,785,847</u>	<u>5,567,347</u>
	<u>\$ 6,081,328</u>	<u>\$ 5,371,550</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE D: COMMITMENTS AND RELATED PARTY TRANSACTIONS

The Charter School has an Academic and Business Services Agreement with Seton Education Partners, Inc. (Seton). The agreement began on July 1, 2017 and renews annually on June 30. Seton will be responsible and accountable to the Board for the administration, operations, education, and performance of the Charter School in accordance with the Charter and the Charter School's budget.

The Charter School will pay Seton fifteen percent of the total enrollment of students multiplied by the approved per pupil operating expenses, payable six times a year. The fee for the years ended June 30, 2024 and 2023 was approximately \$5,728,000 and \$4,987,000, respectively. There was approximately \$119,000 and \$69,200 due to Seton at June 30, 2024 and 2023, respectively. There was approximately \$321,000 and \$13,000 due from Seton, at June 30, 2024 and 2023, respectively. See Note O for additional information regarding related party transactions with Vertex for the Joint High School

NOTE E: SCHOOL FACILITIES

The Charter School currently subleases most of its facilities from Seton, totaling approximately 179,000 square feet of classrooms and office facilities along with 1,900 square feet of play-yard at June 30, 2024, except the Joint High School. See Note O for details.

The Charter School subleases a property at East 144<sup>th</sup> Street under a non-cancelable lease agreement expiring in June 2028. The current monthly payment is \$140,879 and will increase each year of the lease term by the agreed upon amount as described in the lease.

The Charter School has a sublease for the middle school located on Courtlandt Ave. The lease began on July 1, 2018 and the current monthly payment is \$107,580 and will increase each year of the lease term by the agreed upon amount as described in the lease. In July of 2022, the lease was amended and now goes through June 2046.

The Charter School also has a sublease agreement for a property located on College Avenue which commenced in July 2019. This lease renewed in September 2021, for \$101,000 per month through June 2022, and in July of 2022, the lease was amended for \$25,000 per month and now goes through June 2024. In July of 2024, the lease was amended and now goes through June 2030.

The Charter School signed a rental agreement for property located on East 156<sup>th</sup> Street in which substantial improvements must be made by the lessor before the commencement date and made a security deposit of \$300,000. The lease commenced September 2020 and was originally scheduled to expire in June 2051. The current monthly payment is \$195,197. The payment will increase each year of the lease by the agreed upon amount as described in the lease. In July of 2022, the lease was amended to go through August 2051.

In January 2020, the Charter School signed an agreement to guarantee debt related to the properties at 2336 Andrews Avenue North, East 144<sup>th</sup> Street and Courtlandt Avenue, for the Caritas and Pax Elementary Schools. This loan was repaid in connection with the bond financing by Seton to which the Charter School has an indemnification agreement and is not liable nor are they a guarantor of these bonds. As a condition of the bond issuance, the Charter School has certain financial covenants with Seton's lender. The Charter School was in compliance with these covenants June 30, 2024.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE E: SCHOOL FACILITIES, Cont'd

The lease at 2336 Andrews Avenue North, commenced in July of 2020 and expires in June 2055. The current monthly payment on the lease is \$312,316 and will increase each year of the lease term by the agreed upon amount as described in the lease.

In February 2022, the Charter School signed a sublease for 1956 Jerome Avenue, the lease was scheduled to commence in July 2025; however, due to delays, the beginning date of this is unknown at this time.

In March 2023, the Charter School signed a sublease for 222 Alexander Avenue, which began in July 2023 and goes through June 2033, with a five-year extension. The current monthly rent is \$138,645 and will increase each year of the lease term by the agreed upon amount as described in the lease.

In October 2022, the Charter School signed a sublease for 414 East 145<sup>th</sup> Street, which began in August 2023 and goes through June 2043. The current monthly rent is \$6,250 and will increase each year of the lease term by the agreed upon amount as described in the lease.

Rent expense for the years ending June 30, 2024 and 2023, was approximately \$15,633,000 and \$13,515,000, respectively.

NOTE F: LEASES

The school has operating leases for school facilities (see Note E) and office equipment. The Charter School leases office equipment with various remaining lease terms ranging from 1 to 4 years.

A summary of operating lease right-of-use assets and liabilities are as follows:

	<u>Statement of Financial Position Classification</u>	<u>June 30,</u>	
		<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Other assets	Right-of-use assets	<u>\$ 216,098,046</u>	<u>\$ 201,207,003</u>
<u>Liabilities</u>			
Current liabilities	Current portion of lease liabilities	\$ 2,442,875	\$ 2,906,281
Other liabilities	Long-term lease liabilities	<u>226,850,729</u>	<u>207,289,548</u>
		<u>\$ 229,293,604</u>	<u>\$ 210,195,829</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE F: LEASES, Cont'd

The component of lease expense were as follows:

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Operating lease cost	<u>\$ 15,369,449</u>	<u>\$ 13,381,778</u>

As of June 30, 2024, minimum payments due for lease liabilities for future years are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2025	\$ 9,731,889
2026	10,438,752
2027	11,162,748
2028	11,937,731
2029	10,741,538
Thereafter	<u>304,972,902</u>
Total lease payments	358,985,560
Less: Interest	<u>(129,691,956)</u>
Present value of lease liabilities	<u>\$ 229,293,604</u>

Supplemental information:

	<u>Year ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for operating leases	\$ 11,014,062	\$ 8,896,970
Right-of-use assets obtained in exchange for new lease liabilities (non-cash):		
Operating leases	\$ 22,734,248	\$ 212,492,947
Weighted-average remaining lease term:		
Operating leases	26.49 years	28.58 years
Weighted-average discount rate:		
Operating leases	3.20%	3.13%

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE G: CONCENTRATIONS

At June 30, 2024 and 2023, approximately 44% and 88%, respectively, of grants and other receivables were due from New York State and federal agencies.

During the years ended June 30, 2024 and 2023, approximately 72% and 70%, respectively, of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

During the years ended June 30, 2024 and 2023, approximately 18% and 15%, respectively, of total operating revenue and support came from rental assistance provided by New York City Department of Education.

NOTE H: RETIREMENT PLAN

The Charter School sponsors a defined contribution 403(b) plan covering all regular employees. The Charter School may make a discretionary contribution to the plan. The Charter School makes up to a 3% match of employee contributions. For those eligible employees with over five years of service an additional 2% match is made. The Charter School contributed approximately \$587,000 and \$557,000 to the Plan for the years ended June 30, 2024 and 2023, respectively.

NOTE I: CONTINGENCIES

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

NOTE J: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

NOTE K: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Property and equipment	\$ 6,081,328	\$ 5,371,550
Undesignated	<u>6,946,733</u>	<u>8,935,241</u>
	<u>\$ 13,028,061</u>	<u>\$ 14,306,791</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE L: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Charter School has recognized \$1,588,036 and \$4,607,134 of revenue relative to ESSER grants during the years ended June 30, 2024 and 2023, respectively.

NOTE M: EMPLOYEE RETENTION CREDIT

In March, 2020, the CARES Act was enacted. Under the CARES Act, the Employee Retention Credit ("ERC"), a refundable wage-related tax credit, was made available to eligible employers. The Charter School recognized a net benefit of approximately \$1,092,000 and \$1,051,000, respectively, recorded as other revenue related to this credit during the years ended June 30, 2024 and 2023. The Charter School received the 2024 net payment in July 2023 and November 2023. The Charter School received the 2023 net payment in full in January 2023.

NOTE N: FAIR VALUE MEASUREMENTS

Accounting principles establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE N: FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

*U.S. government and U.S. agencies* — Bonds issued by the U.S. Treasury, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, Government National Mortgage Association and the Federal National Mortgage Association. The fair values of U.S. treasury bonds are based on quoted market prices in active markets, and are included in the Level 1 fair value hierarchy. The Charter School believes the market for U.S. treasury bonds is an actively traded market given the high level of daily trading volume.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan 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 date.

The following table sets forth by level, within the fair value hierarchy, the Charter School's assets at fair value:

	<u>Assets at Fair Value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2024</u>				
U.S. Government securities:				
U.S. Treasury Bills	<u>\$ 2,868,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,868,909</u>
Total assets at fair value	<u>\$ 2,868,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,868,909</u>

	<u>Assets at Fair Value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2023</u>				
U.S. Government securities:				
U.S. Treasury Bills	<u>\$ 1,554,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,554,476</u>
Total assets at fair value	<u>\$ 1,554,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,554,476</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2024

(With Comparative Totals for 2023)

NOTE O: JOINT HIGH SCHOOL OPERATING AGREEMENTS

Charter Management Fee

As described in Note A, the Charter School entered into agreements with PPA and Vertex to manage a Joint High School Program incorporating scholars from both charter schools. In connection with the agreements, the Charter School pays a service fee to Vertex for its role in managing the joint high school equal to 15% of all the public revenues received by the Charter School for students attending the joint high school. Public revenues excludes any Federal Public Charter School Program Planning and Implementation Grant (“CSP”) or any funding allocated or awarded during the 2021-2022 school year under the American Rescue Plan Elementary and Secondary School Emergency Relief Fund, the American Rescue Plan Act of 2021 or the Coronavirus Aid, Recovery and Economic Security Act. The Charter School paid a charter management fee expense of \$249,565 and \$150,072 for the years ended June 30, 2024 and 2023, respectively. There was approximately \$442,000 and \$54,000 net amount owed to Vertex at June 30, 2024 and 2023, respectively.

Sublease with Vertex

During 2022, the Charter School entered into a sublease with Vertex for the Joint High School facility. The sublease commenced July 1, 2022. The sublease term was through June 30, 2023 and includes all utilities and security services. This lease expense amounted to \$211,128 for the year ended June 30, 2023. In August 2023, the lease was extended from July 1, 2023 to June 30, 2024 with total bi-monthly rent of \$204,840 for PPA and the Charter School jointly. In July 2024, the lease was extended from July 1, 2024 to June 30, 2025 with total bi-monthly rent of \$296,134 for PPA and the Charter School jointly.

Joint High School Funding

Under the agreements, the Charter School and PPA are to transfer to the Joint High School all funds received from any governmental or private entity with respect to the Joint High School Program and its students including but not limited to, per pupil funding received from New York State and its municipalities and school districts; all Federal Government funding including Title I, Title III, E-rate, and CSP funding; and all startup funding received from private foundations with respect to the Joint High School Program. Any rental assistance received through the New York City Department of Education by the Charter School and PPA shall be used towards rental payments for the High School Facility for students enrolled in the Joint High School Program pursuant to their sublease agreement.

Contribution to High School

The agreements also state that it is the sole responsibility of Vertex to ensure that it has sufficient funds to run the Joint High School Program should additional funds be required beyond the Joint High School Funding and the Charter Management Fee. During the years ending June 30, 2024 and 2023, the Charter School recognized a contribution of \$158,178 and \$438,765, respectively, from Vertex in the accompanying statement of activities and changes in net assets.

**BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS**

**OTHER FINANCIAL INFORMATION**



BUSINESS  
ADVISORS  
AND CPAS

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees  
Brilla College Preparatory Charter Schools

We have audited the financial statements of Brilla College Preparatory Charter Schools for the year ended June 30, 2024, and have issued our reports thereon dated October 30, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information hereinafter is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2024, as a whole.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 30, 2024

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2024

	Brilla College Preparatory							
	Elementary School	Middle School	High School (Vertex)	Total	Brilla Veritas	Brilla Caritas	Brilla Pax	Total
Revenue, gains and other support:								
Public school district								
Resident student enrollment	\$ 7,039,084	\$ 5,517,731	1,166,883	\$ 13,723,698	\$ 8,991,825	\$ 5,930,754	\$ 4,561,341	\$ 33,207,618
Students with disabilities	1,077,610	959,375	102,625	2,139,610	1,369,837	488,477	601,072	4,598,996
Grants and contracts:								
State and local	11,818	9,087	1,759	22,664	28,474	-	-	51,138
Federal - Title and IDEA	418,159	332,821	44,196	795,176	455,576	319,598	258,743	1,829,093
Federal - other	346,557	408,470	952,355	1,707,382	535,464	314,849	279,875	2,837,570
Food service / Child nutrition program	-	218,442	-	218,442	-	-	-	218,442
NYC DOE Rental Assistance	1,401,496	1,655,964	350,065	3,407,525	3,085,371	1,781,548	1,367,498	9,641,942
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>10,294,724</b>	<b>9,101,890</b>	<b>2,617,883</b>	<b>22,014,497</b>	<b>14,466,547</b>	<b>8,835,226</b>	<b>7,068,529</b>	<b>52,384,799</b>
Expenses:								
Program:								
Regular education	5,392,057	4,923,923	1,324,234	11,640,214	8,997,026	5,475,305	5,009,248	31,121,793
Special education	1,891,236	2,287,331	452,992	4,631,559	3,227,520	1,610,729	1,590,979	11,060,787
<b>TOTAL PROGRAM SERVICES</b>	<b>7,283,293</b>	<b>7,211,254</b>	<b>1,777,226</b>	<b>16,271,773</b>	<b>12,224,546</b>	<b>7,086,034</b>	<b>6,600,227</b>	<b>42,182,580</b>
Management and general	2,442,415	2,089,091	559,345	5,090,851	3,850,458	2,257,707	2,048,107	13,247,123
<b>TOTAL OPERATING EXPENSES</b>	<b>9,725,708</b>	<b>9,300,345</b>	<b>2,336,571</b>	<b>21,362,624</b>	<b>16,075,004</b>	<b>9,343,741</b>	<b>8,648,334</b>	<b>55,429,703</b>
<b>SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS</b>	<b>569,016</b>	<b>(198,455)</b>	<b>281,312</b>	<b>651,873</b>	<b>(1,608,457)</b>	<b>(508,515)</b>	<b>(1,579,805)</b>	<b>(3,044,904)</b>
Support and other revenue:								
Contributions:								
Foundations	26,618	24,804	-	51,422	44,820	25,811	22,947	145,000
Individuals	3,000	-	-	3,000	-	-	-	3,000
Corporation	2,650	-	158,178	160,828	-	-	-	160,828
Employee Retention Credit	364,098	277,576	-	641,674	274,421	84,386	91,495	1,091,976
Interest income	64,108	49,301	-	113,409	89,091	51,280	44,598	298,378
Miscellaneous income	35,762	16,110	512	52,384	5,258	3,497	5,853	66,992
<b>TOTAL SUPPORT AND OTHER REVENUE</b>	<b>496,236</b>	<b>367,791</b>	<b>158,690</b>	<b>1,022,717</b>	<b>413,590</b>	<b>164,974</b>	<b>164,893</b>	<b>1,766,174</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,065,252</b>	<b>169,336</b>	<b>440,002</b>	<b>1,674,590</b>	<b>(1,194,867)</b>	<b>(343,541)</b>	<b>(1,414,912)</b>	<b>(1,278,730)</b>
Net assets (deficiency) at beginning of year	12,024,933	1,461,633	177,256	13,663,822	4,363,014	(1,565,242)	(2,154,803)	14,306,791
<b>NET ASSETS (DEFICIENCY) AT END OF YEAR</b>	<b>\$ 13,090,185</b>	<b>\$ 1,630,969</b>	<b>\$ 617,258</b>	<b>\$ 15,338,412</b>	<b>\$ 3,168,147</b>	<b>\$ (1,908,783)</b>	<b>\$ (3,569,715)</b>	<b>\$ 13,028,061</b>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2024

Brilla College Preparatory						
	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	20	\$ 1,328,155	\$ 350,951	\$ 1,679,106	\$ 806,519	\$ 2,485,625
Instructional personnel	71	3,883,212	2,273,869	6,157,081	-	6,157,081
Total salaries and wages	91	5,211,367	2,624,820	7,836,187	806,519	8,642,706
Fringe benefits & payroll taxes		1,011,748	507,031	1,518,779	156,662	1,675,441
Retirement benefits		150,778	75,459	226,237	23,322	249,559
Legal services		-	-	-	89,403	89,403
Accounting/Audit services		-	-	-	34,744	34,744
Management company fees		-	-	-	2,431,760	2,431,760
Other Purchased/Professional/Consulting Services		707,000	195,479	902,479	238,791	1,141,270
Building rent		2,602,624	685,136	3,287,760	798,805	4,086,565
Repairs and maintenance		33,238	9,925	43,163	10,636	53,799
Insurance expense		88,021	22,648	110,669	26,733	137,402
Utilities		503	153	656	161	817
Supplies/Materials		380,175	100,671	480,846	-	480,846
Equipment/Furnishings		11,980	3,442	15,422	3,807	19,229
Leased equipment		42,489	10,486	52,975	13,268	66,243
Staff development		126,951	53,392	180,343	35,439	215,782
Marketing/Recruitment		274,937	65,611	340,548	9,303	349,851
Technology		94,225	24,504	118,729	28,219	146,948
Food services		294,629	89,639	384,268	-	384,268
Student services		193,402	51,059	244,461	-	244,461
Office expense		4,786	1,350	6,136	49,859	55,995
Travel and conferences		8,884	2,327	11,211	3,434	14,645
Depreciation and amortization		369,319	98,442	467,761	114,157	581,918
Other		33,158	9,985	43,143	215,829	258,972
		<u>\$ 11,640,214</u>	<u>\$ 4,631,559</u>	<u>\$ 16,271,773</u>	<u>\$ 5,090,851</u>	<u>\$ 21,362,624</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2024

	Brilla Veritas					
	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	12	\$ 916,654	\$ 246,525	\$ 1,163,179	\$ 553,282	\$ 1,716,461
Instructional personnel	43	2,345,433	1,293,386	3,638,819	-	3,638,819
Total salaries and wages	55	3,262,087	1,539,911	4,801,998	553,282	5,355,280
Fringe benefits & payroll taxes		535,156	252,981	788,137	90,844	878,981
Retirement benefits		96,340	45,481	141,821	16,341	158,162
Legal services		-	-	-	41,664	41,664
Accounting/Audit services		-	-	-	20,149	20,149
Management company fees		-	-	-	1,560,114	1,560,114
Other Purchased/Professional/Consulting Services		461,605	126,036	587,641	164,907	752,548
Building rent		3,615,400	974,987	4,590,387	1,057,048	5,647,435
Repairs and maintenance		15,865	4,204	20,069	4,425	24,494
Insurance expense		63,201	16,806	80,007	17,801	97,808
Supplies/Materials		240,902	64,519	305,421	-	305,421
Equipment/Furnishings		5,371	1,518	6,889	1,770	8,659
Leased equipment		41,619	11,275	52,894	12,313	65,207
Staff development		79,503	34,985	114,488	18,083	132,571
Marketing/Recruitment		185,723	48,392	234,115	3,475	237,590
Technology		67,886	18,005	85,891	18,987	104,878
Student services		90,085	23,981	114,066	-	114,066
Office expense		5,098	1,342	6,440	29,174	35,614
Travel and conferences		2,683	714	3,397	758	4,155
Depreciation and amortization		211,116	56,637	267,753	60,881	328,634
Other		17,386	5,746	23,132	178,442	201,574
		<u>\$ 8,997,026</u>	<u>\$ 3,227,520</u>	<u>\$ 12,224,546</u>	<u>\$ 3,850,458</u>	<u>\$ 16,075,004</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2024

	Brilla Caritas					
	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	7	\$ 446,257	\$ 95,221	\$ 541,478	\$ 362,953	\$ 904,431
Instructional personnel	28	1,664,779	708,835	2,373,614	-	2,373,614
Total salaries and wages	35	2,111,036	804,056	2,915,092	362,953	3,278,045
Fringe benefits & payroll taxes		327,700	124,815	452,515	56,342	508,857
Retirement benefits		60,641	23,097	83,738	10,426	94,164
Legal services		-	-	-	23,193	23,193
Accounting/Audit services		-	-	-	11,603	11,603
Management company fees		-	-	-	964,709	964,709
Other Purchased/Professional/Consulting Services		309,898	67,779	377,677	96,602	474,279
Building rent		1,999,109	426,564	2,425,673	523,621	2,949,294
Repairs and maintenance		5,259	1,122	6,381	1,378	7,759
Insurance expense		38,179	8,147	46,326	10,000	56,326
Supplies/Materials		120,412	25,693	146,105	-	146,105
Equipment/Furnishings		4,393	937	5,330	1,151	6,481
Leased equipment		13,364	2,852	16,216	3,500	19,716
Staff development		57,325	31,893	89,218	12,444	101,662
Marketing/Recruitment		149,203	31,836	181,039	2,898	183,937
Technology		42,258	9,017	51,275	11,068	62,343
Food services		32,795	6,998	39,793	-	39,793
Student services		63,578	13,566	77,144	-	77,144
Office expense		380	81	461	19,469	19,930
Travel and conferences		1,926	411	2,337	504	2,841
Depreciation and amortization		126,723	27,040	153,763	33,192	186,955
Other		11,126	4,825	15,951	112,654	128,605
		<u>\$ 5,475,305</u>	<u>\$ 1,610,729</u>	<u>\$ 7,086,034</u>	<u>\$ 2,257,707</u>	<u>\$ 9,343,741</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2024

	Brilla Pax					
	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	7	\$ 488,861	\$ 113,380	\$ 602,241	\$ 325,187	\$ 927,428
Instructional personnel	24	1,453,805	686,053	2,139,858	-	2,139,858
Total salaries and wages	31	1,942,666	799,433	2,742,099	325,187	3,067,286
Fringe benefits & payroll taxes		340,783	140,237	481,020	57,044	538,064
Retirement benefits		53,739	22,114	75,853	8,995	84,848
Legal services		-	-	-	20,171	20,171
Accounting/Audit services		-	-	-	10,091	10,091
Management company fees		-	-	-	771,452	771,452
Other Purchased/Professional/Consulting Services		200,461	48,013	248,474	90,244	338,718
Building rent		1,916,333	444,449	2,360,782	588,511	2,949,293
Repairs and maintenance		1,339	311	1,650	411	2,061
Insurance expense		31,829	7,382	39,211	9,775	48,986
Supplies/Materials		103,461	23,995	127,456	-	127,456
Equipment/Furnishings		1,410	327	1,737	433	2,170
Leased equipment		7,118	1,651	8,769	2,186	10,955
Staff development		51,059	18,674	69,733	11,887	81,620
Marketing/Recruitment		137,411	31,869	169,280	5,421	174,701
Technology		39,506	9,163	48,669	12,132	60,801
Food services		24,468	5,675	30,143	-	30,143
Student services		64,739	15,015	79,754	-	79,754
Office expense		1,222	283	1,505	13,688	15,193
Travel and conferences		1,749	406	2,155	537	2,692
Depreciation and amortization		78,616	18,233	96,849	24,143	120,992
Other		11,339	3,749	15,088	95,799	110,887
		<u>\$ 5,009,248</u>	<u>\$ 1,590,979</u>	<u>\$ 6,600,227</u>	<u>\$ 2,048,107</u>	<u>\$ 8,648,334</u>

**BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS**

**BRONX, NEW YORK**

**SCHEDULES REQUIRED BY GOVERNMENT AUDITING  
STANDARDS AND THE UNIFORM GUIDANCE**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2024**



BUSINESS  
ADVISORS  
AND CPAS

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BUSINESS  
ADVISORS  
AND CPAS

INDEPENDENT AUDITOR'S 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*

Board of Trustees  
Brilla College Preparatory Charter Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Brilla College Preparatory Charter Schools, which comprise the statement of financial position as of June 30, 2024 and the related statements of activities and changes in net assets, 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 30, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Brilla College Preparatory Charter Schools internal control over financial reporting (internal control) as a basis for designing 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 Brilla College Preparatory Charter Schools internal control. Accordingly, we do not express an opinion on the effectiveness of Brilla College Preparatory Charter Schools internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Brilla College Preparatory Charter Schools financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002.

### ***Brilla College Preparatory Charter Schools Response to Findings***

Brilla College Preparatory Charter Schools response to findings identified in our audit are described in the accompanying schedule of findings and responses. Brilla College Preparatory Charter Schools responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 30, 2024



BUSINESS  
ADVISORS  
AND CPAS

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees  
Brilla College Preparatory Charter Schools

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Brilla College Preparatory Charter Schools compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Brilla College Preparatory Charter Schools major federal programs for the year ended June 30, 2024. Brilla College Preparatory Charter Schools major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Brilla College Preparatory Charter Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Brilla College Preparatory Charter Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Brilla College Preparatory Charter Schools compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Brilla College Preparatory Charter Schools federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Brilla College Preparatory Charter Schools compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Brilla College Preparatory Charter Schools compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Brilla College Preparatory Charter Schools compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Brilla College Preparatory Charter Schools internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Brilla College Preparatory Charter Schools internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Brilla College Preparatory Charter Schools as of and for the year ended June 30, 2024, and have issued our report thereon dated October 30, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 30, 2024

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

	<u>Federal AL Number</u>	<u>Pass-through Grantor's Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education:			
<u>Passed through New York State Education Department:</u>			
Title I - Grants to Local Educational Agencies	84.010	0021	\$ 1,153,247
Title IIA - Supporting Effective Instruction State Grant	84.367	0147	122,677
Title IIIA - English Language Learners	84.365	0293	39,712
Title IV- Student Support and Academic Enrichment Program	84.424	0204	77,483
Charter Schools Program - Replication and Expansion of High-Quality Charter Schools	84.282	0089	952,355
 <u>Education Stabilization Funds -</u>			
ARP ESSER - American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	5880	1,587,286
ESSER HCY - Elementary and Secondary School Emergency Relief Fund - Homeless Children & Youth	84.425W	5218	<u>750</u>
<i>Total Education Stabilization Funds</i>			<u>1,588,036</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>3,933,510</u>
 U.S. Department of Education:			
<u>Passed through NYS Department of Education:</u>			
Child Nutrition Cluster			
School Breakfast Program	10.553	320900861154	32,177
National School Lunch Program	10.553	320900861154	168,813
Supply Chain Assistance - COVID	10.553	320900861154	<u>13,874</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>214,864</u>
 TOTAL ALL PROGRAMS			<u>\$ 4,148,374</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

NOTE A: BASIS OF PRESENTATION

The above schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of Brilla College Preparatory Charter Schools and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Brilla College Preparatory Charter Schools has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

SUMMARY OF AUDITOR'S RESULTS

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Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness (es) identified?	_____	yes	_____ <u>x</u> _____ no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	yes	_____ <u>x</u> _____ no
Noncompliance material to financial statements noted?	_____ <u>x</u> _____	yes	_____ no

Federal Awards

Internal control over major programs:			
• Material weakness (es) identified?	_____	yes	_____ <u>x</u> _____ no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	yes	_____ <u>x</u> _____ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	_____	yes	_____ <u>x</u> _____ no

Identification of major program:

*AL Number:*

84.282

*Name of Federal Program or Cluster:*

Charter Schools Program - Replication and Expansion of High-Quality Charter Schools

Dollar threshold used to distinguish between type A and type B programs:

\_\_\_\_\_ \$750,000 \_\_\_\_\_

Auditee qualified as low-risk auditee?	_____ <u>x</u> _____	yes	_____ no
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BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Cont'd

YEAR ENDED JUNE 30, 2024

FINDING – FINANCIAL STATEMENT AUDIT

**Finding 2024-001**

Statement of condition

During our audit we noted Brilla College Preparatory Charter Schools was required to contribute an additional \$25,000 to a dissolution fund for the Vertex Joint High School Program by June 30, 2024 in accordance with the provisions of the Charter Agreement section 8.9. The required escrow deposit was not made by the required date.

Criteria and effect of conditions

Future deposits of \$25,000 per fiscal year are required for each Education Corporation participating in the Joint High School Program until the total dissolution funds related to the Joint High School Program reach \$150,000.

Recommendation

We recommend management verify funds have been deposited to the dissolution funds on or about June 1st of each fiscal year. This will allow time for any necessary funds to be deposited prior to the deadline if necessary.

Management response

The funds were received by the school prior to June 30, 2024, but had not been transferred to the escrow account. This transfer happened in July 2024.

**Finding 2024-002**

Statement of condition

During our audit, we noted the Charter School did not adhere to the terms of their charter agreement as one of the schools' enrollment fell below 80% of the projected enrollment for the 2023-2024 academic year and written approval from SUNY was not obtained.

Criteria and effect of conditions

During our audit, we noted the Charter School's charter agreement requires the Charter School to obtain written approval from SUNY prior to commencing or continuing instruction when the total number of students enrolled is less than 80% of the projected enrollment for a given academic year. We noted one of the schools' enrollment was 79% of the projected enrollment for the 2023- 2024 academic year.

Recommendation

We recommend the Charter School obtain written approval from SUNY if enrollment falls below 80% of projected enrollment for a given academic year.

Management response

The Charter School was in communication with SUNY about its enrollment; however, it will ensure to receive written approval should enrollment fall below 80% in future years.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2024

PRIOR YEAR FINDINGS

**Finding 2023-001**

Statement of condition

During our audit we noted Brilla College Preparatory Charter Schools was required to contribute \$25,000 to a dissolution fund for the Vertex Joint High School Program by June 30, 2023 in accordance with the provisions of the Charter Agreement section 8.9. The required escrow deposit was not made by the required date.

Criteria and effect of conditions

Management of the Joint High School, required further clarification from SUNY regarding the exact requirements of the dissolution funds as related to the Joint High School. As a result, management was delayed in remitting the deposits to the funds. Funds were deposited in accordance with the requirement as of October 4, 2023.

Future deposits of \$25,000 per fiscal year are required for each Education Corporation participating in the Joint High School Program until the total dissolution funds related to the Joint High School Program reach \$150,000.

Recommendation

We recommend management verify funds have been deposited to the dissolution funds on or about June 1st of each fiscal year. This will allow time for any necessary funds to be deposited prior to the deadline if necessary.

Current Status:

See 2024-001.