

**BRILLA COLLEGE PREPARATORY**  
**CHARTER SCHOOLS**

**BRONX, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**OTHER FINANCIAL INFORMATION**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2022**

**(With Comparative Totals for 2021)**



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Brilla College Preparatory Charter Schools

***Opinion***

We have audited the accompanying financial statements of Brilla College Preparatory Charter Schools, which comprise the statement of financial position as of June 30, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brilla College Preparatory Charter Schools as of June 30, 2022, 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 audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Brilla College Preparatory Charter Schools's 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, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2021. In our opinion, the summarized comparative information presented herein as of June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 27, 2022

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

(With Comparative Totals for 2021)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 10,708,417	\$ 10,417,281
Grants and other receivables	2,129,079	1,144,393
Investments	4,622,224	-
Prepaid expenses and other current assets	<u>1,305,243</u>	<u>1,011,823</u>
TOTAL CURRENT ASSETS	18,764,963	12,573,497
<u>PROPERTY AND EQUIPMENT, net</u>	2,080,455	1,906,085
<u>OTHER ASSETS</u>		
Security deposits	594,178	414,178
Cash in escrow	<u>200,064</u>	<u>200,013</u>
	<u>794,242</u>	<u>614,191</u>
TOTAL ASSETS	<u>\$ 21,639,660</u>	<u>\$ 15,093,773</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 897,293	\$ 624,356
Accrued payroll and benefits	<u>1,061,835</u>	<u>808,927</u>
TOTAL CURRENT LIABILITIES	1,959,128	1,433,283
<u>OTHER LIABILITY</u>		
Deferred lease liability	<u>4,503,747</u>	<u>2,897,073</u>
TOTAL LIABILITIES	6,462,875	4,330,356
<u>NET ASSETS</u> - without donor restrictions	<u>15,176,785</u>	<u>10,763,417</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,639,660</u>	<u>\$ 15,093,773</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, 2022

(With Comparative Totals for 2021)

	<u>Year ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Revenue, gains and other support:		
Public school district:		
Resident student enrollment	\$ 26,045,220	\$ 21,774,821
Students with disabilities	3,880,873	2,910,766
Grants and contracts:		
Federal - Title and IDEA	1,503,593	980,041
Federal - other	5,450,483	1,442,159
NYC DOE Rental Assistance	<u>6,175,632</u>	<u>5,377,703</u>
	TOTAL REVENUE, GAINS AND OTHER SUPPORT	
	43,055,801	32,485,490
 Expenses:		
Program:		
Regular education	21,573,809	17,588,059
Special education	<u>7,594,048</u>	<u>5,577,471</u>
Total program services	29,167,858	23,165,530
Management and general	<u>9,928,547</u>	<u>7,940,596</u>
	TOTAL OPERATING EXPENSES	
	<u>39,096,405</u>	<u>31,106,126</u>
	SURPLUS FROM SCHOOL OPERATIONS	
	3,959,396	1,379,364
 Support and other revenue:		
Contributions		
Foundations	167,500	852,852
Individuals	77,401	23,590
Fundraising	-	7,157
Paycheck Protection Program note forgiveness	-	1,795,241
Interest income	3,042	3,938
Miscellaneous income	<u>206,029</u>	<u>275,412</u>
	TOTAL SUPPORT AND OTHER REVENUE	
	<u>453,972</u>	<u>2,958,190</u>
	CHANGE IN NET ASSETS	
	4,413,368	4,337,554
 Net assets at beginning of year	<u>10,763,417</u>	<u>6,425,863</u>
	NET ASSETS AT END OF YEAR	
	<u>\$ 15,176,785</u>	<u>\$ 10,763,417</u>

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

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES

JUNE 30, 2022  
(With Comparative Totals for 2021)

	Year ended June 30,						Year Ended June 30, 2021
	2022						
	No. of Positions	Regular Education	Special Education	Sub-total	Supporting Services Management and general	Total	
Personnel services costs:							
Administrative staff personnel	42	\$ 2,463,390	\$ 702,933	\$ 3,166,323	\$ 1,537,034	\$ 4,703,357	\$ 3,352,717
Instructional personnel	143	7,429,038	3,300,531	10,729,569	-	10,729,569	8,309,203
Total salaries and wages	185	9,892,428	4,003,464	13,895,892	1,537,034	15,432,926	11,661,920
Fringe benefits and payroll taxes		1,850,691	752,770	2,603,461	285,336	2,888,797	2,092,765
Retirement benefits		264,656	113,217	377,873	40,865	418,738	324,115
Legal services		-	-	-	37,215	37,215	42,902
Accounting/Audit services		-	-	-	56,351	56,351	36,100
Management company fees		-	-	-	4,488,174	4,488,174	3,691,870
Other Purchased/Professional/Consulting Services		1,229,718	395,436	1,625,154	474,964	2,100,118	1,654,429
Building rent		5,674,741	1,553,344	7,228,085	1,753,588	8,981,673	8,029,597
Utilities		723	146	870	232	1,102	-
Repairs and maintenance		45,048	12,900	57,948	13,801	71,749	42,758
Insurance expense		130,499	37,321	167,820	40,213	208,033	155,321
Supplies/Materials		864,243	233,320	1,097,563	-	1,097,563	653,361
Equipment/Furnishings		17,237	5,328	22,565	5,396	27,961	31,319
Leased equipment		54,724	16,176	70,900	16,830	87,730	82,172
Staff development		253,838	103,481	357,319	78,031	435,350	389,531
Marketing/Recruitment		255,302	70,696	325,998	39,542	365,540	280,083
Technology		199,906	58,026	257,932	61,641	319,573	285,760
Food services		1,444	474	1,918	-	1,918	1,057
Student services		253,516	69,098	322,614	-	322,614	244,532
Office expense		7,988	2,294	10,282	135,450	145,732	81,070
Travel and conferences		22,347	6,493	28,840	6,920	35,760	2,346
Depreciation and amortization		497,500	138,696	636,196	152,300	788,496	667,577
Other		57,260	21,368	78,628	704,664	783,292	655,541
		<u>\$ 21,573,809</u>	<u>\$ 7,594,048</u>	<u>\$ 29,167,858</u>	<u>\$ 9,928,547</u>	<u>\$ 39,096,405</u>	<u>\$ 31,106,126</u>

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

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF CASH FLOWS

JUNE 30, 2022

(With Comparative Totals for 2021)

	<u>Year ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 4,413,368	\$ 4,337,554
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	788,496	667,577
Paycheck Protection Program note forgiveness	-	(1,795,241)
Bad debt expense	-	15,003
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(984,686)	67,299
Prepaid expenses and other current assets	(293,420)	(378,302)
Security deposits	(180,000)	-
Accounts payable and accrued expenses	272,937	(302,848)
Accrued payroll and benefits	252,908	123,494
Deferred lease liability	<u>1,606,674</u>	<u>2,459,959</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	5,876,277	5,194,495
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of investments	(4,622,224)	-
Purchases of property and equipment	<u>(962,866)</u>	<u>(779,442)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(5,585,090)</u>	<u>(779,442)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	291,187	4,415,053
Cash and cash equivalents and restricted cash at beginning of year	<u>10,617,294</u>	<u>6,202,241</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 10,908,481</u>	<u>\$ 10,617,294</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	\$ 10,708,417	\$ 10,417,281
Cash in escrow	<u>200,064</u>	<u>200,013</u>
	<u>\$ 10,908,481</u>	<u>\$ 10,617,294</u>

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



BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

(With Comparative Totals for 2021)

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 is in its second five year term, set to expire in July 2022. Brilla Veritas Charter School was granted its first renewal in November 2021 for a three year term through and including July 2025. This was considered a “full” renewal, 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 2020, the Charter School received approval from SUNY for a revision to its charter to create a joint high school program with another Charter School beginning in the 2022-2023 school year. This was rejected by the NY State Education Department and SUNY has overridden this rejection and the high school has opened for the 2022-2023 school year.

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.

*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, or 2021.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

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.

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

	<u>June 30,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Grants and other receivables	\$ 22,502	\$ 94,061	\$ 906,532

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.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

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 \$6,339,000 and \$412,000 that have not been recognized at June 30, 2022 and 2021, respectively, because qualifying expenditures have not yet been incurred.

Cash and cash equivalents

Cash 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 six 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.

Cash and cash equivalents and restricted cash balances for the years ended June 30, 2022 and 2021 consisted of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 10,708,417	\$ 10,417,281
Cash in escrow	<u>200,064</u>	<u>200,013</u>
	<u>\$ 10,908,481</u>	<u>\$ 10,617,294</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.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

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.

Grants and other receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2022 and 2021.

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 seven years. Leasehold improvements are amortized over the term of the lease.

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.

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, 2022 and 2021.

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. The Charter School has filed for and received income tax exemptions in the various jurisdictions where it is required to do so.

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2019 through June 30, 2022 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$365,500 and \$280,100 for the years ended June 30, 2022 and 2021, respectively.

Deferred lease liability

The Charter School leases its facilities. The leases contain significant pre-determined fixed escalations of the base rent. In accordance with GAAP, the Charter School recognizes the related rent expense on a straight-line basis and records the difference between the recognized rental expense and the amounts paid under the lease as a deferred lease liability.

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, 2021

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, 2021, from which the summarized information was derived.

Adoption of new accounting standard - Gifts-in-kind

In September 2020, the FASB issued a new accounting update to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind. The update requires not-for-profit entities to present contributed nonfinancial assets separately on the statement of activities, apart from contributions of cash and other financial assets. In addition, the update requires not-for-profit entities to disclose in the notes to the financial statements a breakout of the different types of gifts-in-kind recognized, any donor restrictions associated with the gift, the valuation technique(s) used to arrive at the fair value measure, whether or not the gift-in-kind was monetized, and any policies on monetization. The update is effective for fiscal years beginning after June 15, 2021 and will be applied on a retrospective basis. The Charter School adopted this standard during the year ended June 30, 2022. There were no gifts-in-kind for the years ended June 30, 2022 and 2021.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

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

New accounting pronouncements - leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020 to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Charter School is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Charter School's financial position or results of operations.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 27, 2022, which is the date the financial statements are available to be issued. See Notes A and F.

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 2022 and 2021.

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 at June 30, 2022 and 2021:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 10,708,417	\$ 10,417,281
Investments	4,622,224	-
Grants and other receivables	<u>2,129,079</u>	<u>1,144,393</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 17,459,720</u>	<u>\$ 11,561,674</u>

The Charter School has a line of credit with a maximum borrowings of \$1,000,000 which they could draw upon in the event of unanticipated liquidity needs. At June 30, 2022 and 2021, no amount was outstanding on this line.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 1,254,776	\$ 1,047,342
Computer equipment and software	1,591,992	1,288,752
Office equipment	735,604	443,923
Leasehold improvements	<u>3,088,763</u>	<u>2,928,253</u>
	6,671,135	5,708,270
Less accumulated depreciation and amortization	<u>4,590,680</u>	<u>3,802,185</u>
	<u>\$ 2,080,455</u>	<u>\$ 1,906,085</u>

During the year 2021, the project was completed and the Charter School began depreciating the assets. Total depreciation and amortization expense was approximately \$788,500 and \$667,600 for the years ended June 30, 2022 and 2021, respectively.

NOTE D: LINE OF CREDIT

The Charter School has available \$1,000,000 of a line of credit with a bank, with an interest rate at the current 12 month CD rate plus 1% (an effective rate of 1.25% at June 30, 2022). There were no borrowings outstanding on this line at June 30, 2022 or 2021.

NOTE E: 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, 2022 and 2021 was approximately \$4,488,000 and \$3,692,000, respectively. There was approximately \$13,800 and \$500 due to Seton at June 30, 2022 and 2021, respectively. There was approximately \$83,100 and \$28,700 due from Seton, at June 30, 2022 and 2021, respectively.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE F: SCHOOL FACILITIES

The Charter School currently subleases all of its facilities from Seton, totaling approximately 170,000 square feet of classrooms and office facilities along with 1,900 square feet of play-yard at June 30, 2022.

The Charter School subleases a property at East 144<sup>th</sup> Street under a non-cancelable lease agreement expiring in June 2023. The current monthly payment is \$134,090 and will increase each year of the lease term by the agreed upon amount as described in the lease.

In November 2016, the Charter School signed a sublease for the middle school located on Courtlandt Avenue and made an additional security deposit of \$100,000. The lease was to begin in August 2017 and go through June 2036 with two optional 5 year renewal options. In July 2018, the Charter School revised this agreement. The lease began on July 1, 2018. The current monthly payment is \$101,404 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 signed 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 and now goes through June 2024.

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 expires June 2051. The current monthly payment is \$141,838. 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.

In January 2020, the Charter School signed an agreement to guarantee debt related to property at 2336 Andrews Avenue North, for the Caritas and Pax Elementary Schools. The initial amount of the construction loan was \$11,136,000; 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 at June 30, 2022.

The lease at 2336 Andrews Avenue North, commenced in July of 2020 and expires in August 2055. The current monthly payment on the lease is \$150,000 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, which does not begin until July 2024 and goes through June 2063. Monthly rent at that time will be \$207,000 and will increase each year of the lease term by the agreed upon amount as described in the lease.

Rent expense was approximately \$8,982,000 and \$8,030,000 for the years ended June 30, 2022 and 2021, respectively.



BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE F: SCHOOL FACILITIES, Cont'd

The future minimum payments on these agreements for base rent are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 8,415,452
2024	7,623,984
2025	8,557,796
2026	9,959,642
2027	11,000,895
Thereafter	<u>402,392,666</u>
	<u>\$ 447,950,435</u>

NOTE G: OPERATING LEASES

The Charter School leases office equipment under non-cancelable lease agreements expiring at various dates through May 2026. The approximate future minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 82,800
2024	66,400
2025	50,700
2026	<u>33,300</u>
	<u>\$ 233,200</u>

NOTE H: CONCENTRATIONS

At June 30, 2022 and 2021, approximately 96% and 97%, respectively, of grants and other receivables were due from New York State and federal agencies.

During both of the years ended June 30, 2022 and 2021, approximately 69% and 76%, 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 both of the years ended June 30, 2022 and 2021, approximately 14% and 17%, respectively, of total operating revenue and support came from rental assistance provided by New York City Department of Education.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE I: 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 with over five years of service an additional 2% match is made. The Charter School contributed approximately \$419,000 and \$324,000 to the Plan for the years ended June 30, 2022 and 2021, respectively.

NOTE J: 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 K: 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 L: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	<u>2022</u>	<u>2021</u>
Property and equipment	\$ 2,080,455	\$ 1,906,085
Undesignated	<u>13,096,330</u>	<u>8,857,332</u>
	<u>\$ 15,176,785</u>	<u>\$ 10,763,417</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE M: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2023.

In response to the COVID-19 outbreak, in May 2020, the Charter School applied for and was approved by a bank for a loan of \$1,795,241 through the Paycheck Protection Program established by the Small Business Administration. The loan had a maturity of two years and an interest rate of 1%. The loan had the potential for forgiveness provided certain requirements were met by the Charter School. The loan was funded in May 2020 and was reported as note payable in the accompanying statement of financial position at June 30, 2020. On January 25, 2021, the loan was forgiven in full by the Small Business Administration, which is reported as Paycheck Protection Program note forgiveness on the accompanying statement of activities and changes in net assets for the year ended June 30, 2021.

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 \$3,941,013 and \$556,819 of revenue relative to ESSER grants during the years ended June 30, 2022 and 2021, respectively.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE N: FAIR VALUE MEASUREMENTS

Accounting principles establishes a frame work 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.

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, 2022.

*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.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2022

(With Comparative Totals for 2021)

NOTE N: FAIR VALUE MEASUREMENTS, Cont'd

The following table sets forth by level, within the fair value hierarchy, the Charter School's assets at fair value as of June 30, 2022:

	<u>Assets at Fair Value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. government securities				
U.S. Treasury Bills	<u>4,622,224</u>	<u>-</u>	<u>-</u>	<u>4,622,224</u>
Total assets at fair value	<u>\$ 4,622,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,622,224</u>

**BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS**

**OTHER FINANCIAL INFORMATION**

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, 2022, and have issued our reports thereon dated October 27, 2022, 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, 2022, as a whole.

*Mengel, Metzger, Barr & Co. LLP*

Rochester, New York  
October 27, 2022

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2022

	<u>Brilla College Preparatory</u>						
	<u>Elementary School</u>	<u>Middle School</u>	<u>Total</u>	<u>Brilla Veritas</u>	<u>Brilla Caritas</u>	<u>Brilla Pax</u>	<u>Total</u>
Revenue, gains and other support:							
Public school district							
Resident student enrollment	\$ 7,438,832	\$ 5,678,079	\$ 13,116,911	\$ 7,357,493	\$ 2,943,977	\$ 2,626,839	\$ 26,045,220
Students with disabilities	1,275,584	941,370	2,216,954	1,047,604	254,133	362,182	3,880,873
Grants and contracts:							
Federal - Title and IDEA	457,709	341,875	799,584	409,211	147,065	147,733	1,503,593
Federal - other	1,385,266	943,977	2,329,243	1,137,800	773,871	1,209,569	5,450,483
NYC DOE Rental Assistance	1,609,090	1,436,140	3,045,230	1,462,778	878,140	789,484	6,175,632
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>12,166,481</u>	<u>9,341,441</u>	<u>21,507,922</u>	<u>11,414,886</u>	<u>4,997,186</u>	<u>5,135,807</u>	<u>43,055,801</u>
Expenses:							
Program:							
Regular education	5,019,624	4,848,634	9,868,258	5,774,877	3,193,901	2,736,773	21,573,809
Special education	2,062,150	1,961,158	4,023,308	1,975,631	711,432	883,677	7,594,048
TOTAL PROGRAM EXPENSES	<u>7,081,774</u>	<u>6,809,792</u>	<u>13,891,566</u>	<u>7,750,508</u>	<u>3,905,333</u>	<u>3,620,451</u>	<u>29,167,858</u>
Management and general	2,528,571	2,269,364	4,797,935	2,628,323	1,267,591	1,234,698	9,928,547
TOTAL OPERATING EXPENSES	<u>9,610,345</u>	<u>9,079,156</u>	<u>18,689,501</u>	<u>10,378,831</u>	<u>5,172,924</u>	<u>4,855,149</u>	<u>39,096,405</u>
SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS	2,556,136	262,285	2,818,421	1,036,055	(175,738)	280,658	3,959,396
Support and other revenue:							
Contributions							
Foundations	50,786	31,889	82,675	51,679	15,032	18,114	167,500
Individuals	23,468	14,736	38,204	23,880	6,946	8,371	77,401
Interest income	835	649	1,484	892	333	333	3,042
Miscellaneous income	29,078	43	29,121	125,650	25,629	25,629	206,029
TOTAL SUPPORT AND OTHER REVENUE	<u>104,167</u>	<u>47,317</u>	<u>151,484</u>	<u>202,101</u>	<u>47,940</u>	<u>52,447</u>	<u>453,972</u>
CHANGE IN NET ASSETS	2,660,303	309,602	2,969,905	1,238,156	(127,798)	333,105	4,413,368
Net assets (deficiency) at beginning of year	7,607,681	1,183,000	8,790,681	2,531,490	(149,078)	(409,676)	10,763,417
NET (DEFICIENCY) ASSETS AT END OF YEAR	<u>\$ 10,267,984</u>	<u>\$ 1,492,602</u>	<u>\$ 11,760,586</u>	<u>\$ 3,769,646</u>	<u>\$ (276,876)</u>	<u>\$ (76,571)</u>	<u>\$ 15,176,785</u>



BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2022

	Brilla College Preparatory						
	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Sub-total	Management and general	Sub-total	
Personnel Services Costs:							
Administrative staff personnel	21	\$ 1,213,918	\$ 399,591	\$ 1,613,509	\$ 738,074	\$ 738,074	\$ 2,351,583
Instructional personnel	70	3,589,014	1,792,868	5,381,882	-	-	5,381,882
Total salaries and wages	91	4,802,932	2,192,459	6,995,391	738,074	738,074	7,733,465
Fringe benefits and payroll taxes		916,474	418,355	1,334,829	140,836	140,836	1,475,665
Retirement benefits		190,994	87,186	278,180	29,350	29,350	307,530
Legal services		-	-	-	23,491	23,491	23,491
Accounting/Audit services		-	-	-	27,916	27,916	27,916
Management company fees		-	-	-	2,303,125	2,303,125	2,303,125
Other Purchased/Professional/Consulting Services		611,207	208,161	819,368	241,532	241,532	1,060,900
Building rent		2,172,497	715,131	2,887,628	674,880	674,880	3,562,508
Repairs and maintenance		19,585	6,447	26,032	6,084	6,084	32,116
Insurance expense		62,848	20,688	83,536	19,524	19,524	103,060
Supplies/Materials		338,906	111,559	450,465	-	-	450,465
Equipment/Furnishings		13,415	4,416	17,831	4,167	4,167	21,998
Leased equipment		35,537	11,698	47,235	11,040	11,040	58,275
Staff development		114,512	50,602	165,114	35,573	35,573	200,687
Student services		107,336	35,332	142,668	14,550	14,550	157,218
Technology		106,562	35,078	141,640	33,103	33,103	174,743
Food services		1,410	464	1,874	-	-	1,874
Student services		99,116	32,627	131,743	-	-	131,743
Office expense		3,865	1,272	5,137	66,069	66,069	71,206
Travel and conferences		14,588	4,802	19,390	4,532	4,532	23,922
Depreciation and amortization		233,134	76,742	309,876	72,422	72,422	382,298
Other		23,340	10,289	33,629	351,667	351,667	385,296
		<u>\$ 9,868,258</u>	<u>\$ 4,023,308</u>	<u>\$ 13,891,566</u>	<u>\$ 4,797,935</u>	<u>\$ 4,797,935</u>	<u>\$ 18,689,501</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2022

	Brilla Veritas						
	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Sub-total	Management and general	Sub-total	
Personnel Services Costs:							
Administrative staff personnel	11	\$ 638,725	\$ 180,337	\$ 819,062	\$ 346,829	\$ 346,829	\$ 1,165,891
Instructional personnel	39	1,984,701	816,631	2,801,332	-	-	2,801,332
Total salaries and wages	50	2,623,426	996,968	3,620,394	346,829	346,829	3,967,223
Fringe benefits and payroll taxes		523,236	198,843	722,079	69,174	69,174	791,253
Retirement benefits		38,002	14,442	52,444	5,024	5,024	57,468
Legal services		-	-	-	5,433	5,433	5,433
Accounting/Audit services		-	-	-	15,801	15,801	15,801
Management company fees		-	-	-	1,260,163	1,260,163	1,260,163
Other Purchased/Professional/Consulting Services		284,839	102,219	387,058	126,867	126,867	513,925
Building rent		1,631,952	460,764	2,092,716	479,099	479,099	2,571,815
Repairs and maintenance		16,373	4,623	20,996	4,807	4,807	25,803
Insurance expense		37,015	10,451	47,466	10,867	10,867	58,333
Supplies/Materials		204,106	57,627	261,733	-	-	261,733
Equipment/Furnishings		1,297	366	1,663	381	381	2,044
Leased equipment		8,958	2,529	11,487	2,630	2,630	14,117
Staff development		74,005	31,281	105,286	21,726	21,726	127,012
Marketing/Recruitment		65,601	18,522	84,123	10,351	10,351	94,474
Technology		51,109	14,430	65,539	15,004	15,004	80,543
Food services		34	10	44	-	-	44
Student services		69,980	19,758	89,738	-	-	89,738
Office expense		3,108	878	3,986	34,982	34,982	38,968
Travel and conferences		2,072	585	2,657	608	608	3,265
Depreciation and amortization		124,932	35,273	160,205	36,677	36,677	196,882
Other		14,832	6,062	20,894	181,900	181,900	202,794
		<u>\$ 5,774,877</u>	<u>\$ 1,975,631</u>	<u>\$ 7,750,508</u>	<u>\$ 2,628,323</u>	<u>\$ 2,628,323</u>	<u>\$ 10,378,831</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2022

	Brilla Caritas						
	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Sub-total	Management and general	Sub-total	
Personnel Services Costs:							
Administrative staff personnel	5	\$ 320,360	\$ 57,221	\$ 377,581	\$ 220,776	\$ 220,776	\$ 598,357
Instructional personnel	17	1,019,954	289,152	1,309,106	-	-	1,309,106
Total salaries and wages	22	1,340,314	346,373	1,686,687	220,776	220,776	1,907,463
Fringe benefits and payroll taxes		223,950	57,875	281,825	36,889	36,889	318,714
Retirement benefits		20,537	5,307	25,844	3,383	3,383	29,227
Legal services		-	-	-	1,907	1,907	1,907
Accounting/Audit services		-	-	-	6,317	6,317	6,317
Management company fees		-	-	-	477,190	477,190	477,190
Other Purchased/Professional/Consulting Services		167,983	39,012	206,995	53,004	53,004	259,999
Building rent		964,990	172,361	1,137,351	286,324	286,324	1,423,675
Repairs and maintenance		4,791	856	5,647	1,422	1,422	7,069
Insurance expense		15,807	2,823	18,630	4,690	4,690	23,320
Utilities		373	67	440	111	111	551
Supplies/Materials		180,223	32,190	212,413	-	-	212,413
Equipment/Furnishings		532	95	627	158	158	785
Leased equipment		7,702	1,376	9,078	2,285	2,285	11,363
Staff development		37,950	11,463	49,413	11,260	11,260	60,673
Marketing/Recruitment		37,920	6,773	44,693	7,188	7,188	51,881
Technology		21,913	3,914	25,827	6,502	6,502	32,329
Student services		50,315	8,987	59,302	-	-	59,302
Office expense		1,789	319	2,108	16,677	16,677	18,785
Travel and conferences		3,812	681	4,493	1,131	1,131	5,624
Depreciation and amortization		102,363	18,283	120,646	30,372	30,372	151,018
Other		10,637	2,677	13,314	100,005	100,005	113,319
		<u>\$ 3,193,901</u>	<u>\$ 711,432</u>	<u>\$ 3,905,333</u>	<u>\$ 1,267,591</u>	<u>\$ 1,267,591</u>	<u>\$ 5,172,924</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2022

	No. of Positions	Brilla Pax					
		Program Services			Supporting Services		
		Regular Education	Special Education	Sub-total	Management and general	Sub-total	Total
Personnel Services Costs:							
Administrative staff personnel	5	\$ 290,387	\$ 65,784	\$ 356,171	\$ 231,355	\$ 231,355	\$ 587,526
Instructional personnel	17	835,369	401,880	1,237,249	-	-	1,237,249
Total salaries and wages	22	1,125,756	467,664	1,593,420	231,355	231,355	1,824,775
Fringe benefits and payroll taxes		187,031	77,697	264,728	38,437	38,437	303,165
Retirement benefits		15,123	6,282	21,405	3,108	3,108	24,513
Legal services		-	-	-	6,384	6,384	6,384
Accounting/Audit services		-	-	-	6,317	6,317	6,317
Management company fees		-	-	-	447,696	447,696	447,696
Other Purchased/Professional/Consulting Services		165,689	46,044	211,733	53,561	53,561	265,294
Building rent		905,302	205,088	1,110,390	313,285	313,285	1,423,675
Repairs and maintenance		4,299	974	5,273	1,488	1,488	6,761
Insurance expense		14,829	3,359	18,188	5,132	5,132	23,320
Supplies/Materials		141,008	31,944	172,952	-	-	172,952
Equipment/Furnishings		1,993	451	2,444	690	690	3,134
Leased equipment		2,527	573	3,100	875	875	3,975
Staff development		27,371	10,135	37,506	9,472	9,472	46,978
Marketing/Recruitment		44,445	10,069	54,514	7,453	7,453	61,967
Technology		20,322	4,604	24,926	7,032	7,032	31,958
Student services		34,105	7,726	41,831	-	-	41,831
Office expense		(774)	(175)	(949)	17,722	17,722	16,773
Travel and conferences		1,875	425	2,300	649	649	2,949
Depreciation and amortization		37,071	8,398	45,469	12,829	12,829	58,298
Other		8,451	2,340	10,791	71,092	71,092	81,883
		<u>\$ 2,736,773</u>	<u>\$ 883,677</u>	<u>\$ 3,620,451</u>	<u>\$ 1,234,698</u>	<u>\$ 1,234,698</u>	<u>\$ 4,855,149</u>

**BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS**

**REPORT TO THE AUDIT COMMITTEE**

**JUNE 30, 2022**



**MENGEL METZGER BARR & CO. LLP**

Certified Public Accountants

October 27, 2022

Audit Committee  
Brilla College Preparatory Charter Schools

We have audited the financial statements of Brilla College Preparatory Charter Schools as of and for the year ended June 30, 2022, and have issued our report thereon dated October 27, 2022. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated June 8, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Brilla College Preparatory Charter Schools solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate and our firm have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced outsourced finance team who reviews the draft financial statements prior to issuance and accepts responsibility for them.

### **Significant Risks Identified**

The significant risks below were identified during the performance of our risk assessment procedures:

- The potential for management override of controls.
- The potential for improper revenue recognition.
- The potential for misappropriation of assets by unauthorized credit card purchases.
- The potential for grants to be improperly tagged with inappropriate expenditures.
- The potential for journal entries lacking support to be made in error or fraud.

Professional auditing standards require that we identify and assess risks and design and perform our audit procedures to assess those risks. The identification of a risk does not mean that it has occurred, but rather it has the potential to impact the financial statements.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Brilla College Preparatory Charter Schools is included in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were the collectability of grants receivable, as well as the allocation of costs for the statement of functional expenses. We evaluated key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Brilla College Preparatory Charter Schools' financial statements relate to revenue and support recognition, which is referred to in the notes of the financial statements.

### **Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We did not identify any significant unusual transactions.

### **Identified or Suspected Fraud**

We have not identified or obtained information that indicates that any fraud may have occurred.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all such misstatements. In addition, none of the misstatements identified by us as a result of our audit procedures and corrected by management were material either individually or in the aggregate, to the financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Brilla College Preparatory Charter Schools' financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances are present.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter.



### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with Brilla College Preparatory Charter Schools, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

\* \* \* \*

Should you desire further information concerning these matters, Shelby Stenson will be happy to meet with you at your convenience.

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, and management of Brilla College Preparatory Charter Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Mengel, Metzger, Barr & Co. LLP*

MENGEL, METZGER, BARR & CO. LLP

**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, 2022**



**MENGEL METZGER BARR & CO. LLP**

Certified Public Accountants

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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, 2022 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 27, 2022.

**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.

### **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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, Barw & Co. LLP*

Rochester, New York  
October 27, 2022

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, 2022. 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, 2022.

***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, 2022, and have issued our report thereon dated October 27, 2022, 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 27, 2022



BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

	<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	\$ 1,022,547
Title IIA - Supporting Effective Instruction State Grant	84.367	0147	136,181
Title IIIA - English Language Learners	84.365	0293	40,888
Title IV- Student Support and Academic Enrichment Program	84.424	0204	65,179
Charter Schools Program - Replication and Expansion of High-Quality Charter Schools	84.282	0089	1,040,471
COVID-19 Charter Schools Program	84.282		49,950
<u>Education Stabilization Funds -</u>			
ESSER II - Elementary and Secondary School Emergency Relief Fund	84.425D	5891	2,159,895
ARP ESSER - American Rescue Plan-Elementary and Secondary School Emergency Relief	84.425U	5880	1,763,362
ESSER HCY - Elementary and Secondary School Emergency Relief Fund - Homeless Children & Youth	84.425W	5218	<u>17,756</u>
<i>Total Education Stabilization Funds</i>			<u>3,941,013</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			6,296,229
 U.S. Department of Homeland Security - Federal Emergency Management Agency:			
<u>Passed through NYS Homeland Security and Emergency Services</u>			
Emergency Protective Measure - COVID 19	97.036	4480DR	<u>231,315</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			231,315
 TOTAL ALL PROGRAMS			<u>\$ 6,527,544</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

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, 2022

SUMMARY OF AUDITOR'S RESULTS

---

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified?        yes   x   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to financial statements noted?        yes   x   no

Federal Awards

Internal control over major programs:

- Material weakness (es) identified?        yes   x   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        yes   x   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   x   no

Identification of major program:

*AL Number:*

84.425D & 84.425U & 84.425W  
84.010

*Name of Federal Program or Cluster:*

ESSER II & ARP ESSER & ESSER HCY  
Title I - Grants to Local Educational Agencies

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

      \$750,000      

Auditee qualified as low-risk auditee?

  x   yes        no

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Cont'd

YEAR ENDED JUNE 30, 2022

FINDING – FINANCIAL STATEMENT AUDIT

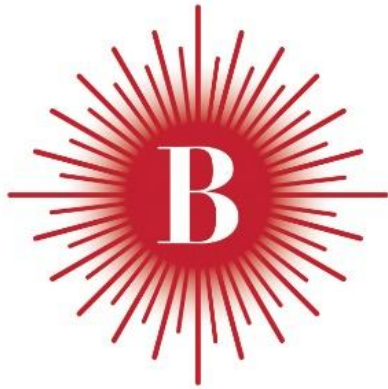
None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None.



**BRILLA**

Public Charter Schools

Mengel, Metzger, Barr & Co. LLP  
Certified Public Accountants  
100 Chestnut Street, Suite 1200  
Rochester, New York 14604

This representation letter is provided in connection with your audits of the financial statements of Brilla College Preparatory Charter Schools, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter.

### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated June 8, 2022, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, and consideration of impacts of the COVID-19 outbreak, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted for disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statements all assets and liabilities under the entity's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Reclassifications between net asset classes are proper.
- To the extent our normal procedures and controls related to our financial close or other reporting processes at the Organization were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- Other than as disclosed in Note M to the financial statements, no other impacts from the COVID-19 outbreak are necessary to be reflected in those financial statements.
- Disclosures included in the financial statements regarding the relevant significant business, financial, and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impacts.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.
- With respect to financial statement preparation, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted the responsibility for the result of the services performed, and
  - Established and maintained internal controls, including monitoring ongoing activities.
- We have reviewed the Organization's draft financial statements prepared by you based upon financial information we provided to you. We have reviewed all supporting schedules and accept full responsibility for the Organization's consolidated financial statements prepared in accordance with U.S. GAAP.
- We have considered the accounting and reporting requirements of FASB ASC 740-10. We believe there are no material liabilities (or reduction in amounts refundable) required for unrecognized tax benefits related to our tax positions, as defined and described in FASB ASC 740-10-20.

## Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
  - Minutes of the meetings of the Board of Trustees and other committees, or summaries of actions of recent meetings for which minutes have not yet been prepared;
  - Additional information that you have requested from us for the purpose of the audits; and
  - Unrestricted access to persons within the organization from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans
- We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the organization's financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.

## Single Audit

- With respect to federal awards, we represent the following to you:
  - We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
  - We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
  - We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
  - As part of your audits, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

- The methods of measurement or presentation have not changed from those used in the prior year.
- We believe the following significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
- We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
- When the schedule of expenditures of federal awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the Organization of the schedule of expenditures of federal awards and the auditor's report thereon.
- We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
- We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.
- We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through Organization, as applicable.
- We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
- We have charged costs to federal awards in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we



have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
  - The reporting package does not contain personally identifiable information.
  - We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
  - We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.
  - We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
- In addition:
    - We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.
    - We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance have occurred subsequent to the period covered by the auditor's report.
    - We are responsible for and have accurately completed the appropriate sections of the Data Collection Form.

### **Supplementary Information in Relation to the Consolidated Financial Statements as a Whole**

- With respect to the supplementary information accompanying the consolidated financial statements:
  - We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.
  - We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
  - The methods of measurement or presentation have not changed from those used in the prior period.

- We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

### Other Representations

- The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

Very truly yours,

BRILLA COLLEGE PREPRATORY CHARTER SCHOOLS

DocuSigned by:

*Matt Salvatierra*

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Matt Salvatierra

Chief Financial Officer

DocuSigned by:

*Luanne Zurlo*

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Luanne Zurlo

Executive Director