

**BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS**

**BRONX, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**OTHER FINANCIAL INFORMATION**

**REPORT REQUIRED BY GOVERNMENT  
AUDITING STANDARDS**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2025**

**(With Comparative Totals for 2024)**



BUSINESS  
ADVISORS  
AND CPAS

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BUSINESS  
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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Brilla College Preparatory Charter Schools

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Brilla College Preparatory Charter Schools, which comprise the statement of financial position as of June 30, 2025, 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 present fairly, in all material respects, the financial position of Brilla College Preparatory Charter Schools as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Brilla College Preparatory Charter Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brilla College Preparatory Charter Schools' ability to continue as a going concern for a reasonable period of time.

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

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

We have previously audited Brilla College Preparatory Charter Schools' June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025 on our consideration of Brilla College Preparatory Charter Schools internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brilla College Preparatory Charter Schools' internal control over financial reporting and compliance.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 29, 2025

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(With Comparative Totals for 2024)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 15,457,296	\$ 11,223,182
Certificates of deposit	2,545,252	3,254,050
Investments	3,853,711	2,868,909
Grants and other receivables	1,530,027	3,927,652
Prepaid expenses and other current assets	<u>1,936,603</u>	<u>1,233,905</u>
TOTAL CURRENT ASSETS	25,322,889	22,507,698
<u>PROPERTY AND EQUIPMENT, net</u>	5,596,525	6,081,328
<u>OTHER ASSETS</u>		
Security deposits	764,178	734,178
Cash in escrow	275,200	225,147
Right-of-use assets	<u>190,184,194</u>	<u>216,098,046</u>
	<u>191,223,572</u>	<u>217,057,371</u>
TOTAL ASSETS	<u>\$ 222,142,986</u>	<u>\$ 245,646,397</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 1,451,181	\$ 1,778,980
Current portion of lease liabilities	2,933,067	2,442,875
Accrued payroll and benefits	<u>1,176,302</u>	<u>1,545,752</u>
TOTAL CURRENT LIABILITIES	5,560,550	5,767,607
<u>OTHER LIABILITIES</u>		
Long-term debt	200,000	-
Long-term lease liabilities	<u>204,015,812</u>	<u>226,850,729</u>
	<u>204,215,812</u>	<u>226,850,729</u>
TOTAL LIABILITIES	209,776,362	232,618,336
<u>NET ASSETS - without donor restrictions</u>	<u>12,366,624</u>	<u>13,028,061</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 222,142,986</u>	<u>\$ 245,646,397</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

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Revenue, gains and other support:		
Public school district:		
Resident student enrollment	\$ 38,670,884	\$ 33,207,618
Students with disabilities	4,795,577	4,598,996
Grants and contracts:		
State and local	137,271	51,138
Federal - Title and IDEA	2,130,752	1,829,093
Federal - other	180,811	2,837,570
Food service / Child nutrition program	1,032,382	218,442
NYC DOE Rental Assistance	<u>10,649,961</u>	<u>9,641,942</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	57,597,638	52,384,799
Expenses:		
Program:		
Regular education	32,170,800	31,121,793
Special education	<u>12,746,393</u>	<u>11,060,787</u>
TOTAL PROGRAM SERVICES	44,917,193	42,182,580
Management and general	<u>14,078,190</u>	<u>13,247,123</u>
TOTAL OPERATING EXPENSES	<u>58,995,383</u>	<u>55,429,703</u>
DEFICIT FROM SCHOOL OPERATIONS	(1,397,745)	(3,044,904)
Support and other revenue:		
Contributions:		
Foundations	1,300	145,000
Individuals	-	3,000
Corporation	423,981	160,828
Employee Retention Credit	-	1,091,976
Interest income	297,160	298,378
Miscellaneous income	<u>13,867</u>	<u>66,992</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>736,308</u>	<u>1,766,174</u>
CHANGE IN NET ASSETS	(661,437)	(1,278,730)
Net assets at beginning of year	<u>13,028,061</u>	<u>14,306,791</u>
NET ASSETS AT END OF YEAR	<u>\$ 12,366,624</u>	<u>\$ 13,028,061</u>

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

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

	No. of Positions	Year ended June 30,					Year Ended June 30, 2024
		2025			Supporting Services Management and general	Total	
		Regular Education	Special Education	Sub-total			
Personnel services costs:							
Administrative staff personnel	49	\$ 3,280,130	\$ 768,032	\$ 4,048,162	\$ 2,244,631	\$ 6,292,793	\$ 6,033,945
Instructional personnel	164	7,902,847	5,976,253	13,879,100	-	13,879,100	14,309,372
Total salaries and wages	213	11,182,977	6,744,285	17,927,262	2,244,631	20,171,893	20,343,317
Fringe benefits and payroll taxes		2,175,633	1,331,330	3,506,963	439,350	3,946,313	3,601,343
Retirement benefits		333,524	201,749	535,273	66,809	602,082	586,733
Legal services		-	-	-	136,200	136,200	174,431
Accounting/Audit services		-	-	-	16,133	16,133	76,587
Management company fees		-	-	-	7,086,563	7,086,563	5,728,035
Other Purchased/Professional/Consulting Services		1,843,484	532,863	2,376,347	577,522	2,953,869	2,706,815
Building rent		10,591,366	2,468,604	13,059,970	2,727,210	15,787,180	15,632,587
Repairs and maintenance		62,589	14,130	76,719	15,891	92,610	88,113
Insurance expense		270,332	63,196	333,528	70,311	403,839	340,522
Utilities		-	-	-	-	-	817
Supplies/Materials		1,339,979	313,089	1,653,068	-	1,653,068	1,059,828
Equipment/Furnishings		32,361	7,652	40,013	8,445	48,458	36,539
Leased equipment		100,339	23,887	124,226	26,544	150,770	162,121
Staff development		258,919	106,332	365,251	71,695	436,946	531,635
Marketing/Recruitment		775,260	181,301	956,561	16,795	973,356	946,079
Technology		245,188	57,383	302,571	63,791	366,362	374,970
Food services		1,512,696	354,049	1,866,745	-	1,866,745	454,204
Student services		314,272	73,503	387,775	-	387,775	515,425
Office expense		40,973	9,611	50,584	182,855	233,439	126,732
Travel and conferences		14,382	3,399	17,781	3,824	21,605	24,333
Depreciation and amortization		1,021,013	241,426	1,262,439	269,934	1,532,373	1,218,499
Other		55,513	18,604	74,117	53,687	127,804	700,038
		<u>\$ 32,170,800</u>	<u>\$ 12,746,393</u>	<u>\$ 44,917,193</u>	<u>\$ 14,078,190</u>	<u>\$ 58,995,383</u>	<u>\$ 55,429,703</u>

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

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ (661,437)	\$ (1,278,730)
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	1,532,373	1,218,499
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	2,397,625	(186,170)
Prepaid expenses and other current assets	(702,698)	(349,014)
Security deposits	(30,000)	(30,000)
Accounts payable and accrued expenses	(327,799)	942,719
Accrued payroll and benefits	(369,450)	87,357
Lease liabilities, net of right-of-use assets	<u>3,569,127</u>	<u>4,206,732</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	5,407,741	4,611,393
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of investments	(8,981,802)	(9,822,433)
Sales (purchases) of certificates of deposit	708,798	(1,041,183)
Proceeds from sales of investments	7,997,000	8,508,000
Purchases of property and equipment	<u>(1,047,570)</u>	<u>(1,928,277)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(1,323,574)</u>	<u>(4,283,893)</u>
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Proceeds from long-term debt	<u>200,000</u>	<u>-</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>200,000</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	4,284,167	327,500
Cash and cash equivalents and restricted cash at beginning of year	<u>11,448,329</u>	<u>11,120,829</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 15,732,496</u>	<u>\$ 11,448,329</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Reconciliation of cash and cash equivalents 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	\$ 15,457,296	\$ 11,223,182
Cash in escrow	<u>275,200</u>	<u>225,147</u>
	<u>\$ 15,732,496</u>	<u>\$ 11,448,329</u>

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

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(With Comparative Totals for 2024)

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 School currently possesses four charters granted by the SUNY Board of Trustees’ Charter School Committee (SUNY). Brilla College Preparatory Charter School was granted its third renewal in December 2022 for a two-year term through and including July 2025. Brilla Veritas Charter School was granted its first renewal in November 2021 for a three-year term through and including July 2025. These were considered “full” renewals, with a shorter term to begin to align charter terms among all four schools. In April 2025, SUNY approved the renewal of five-year charters for Brilla College Preparatory Charter School, Brilla Caritas Charter School, Brilla Pax Charter School, and Brilla Veritas Charter School, which will expire July 2030.

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

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

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, 2025 and 2024.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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 Charter 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:

	June 30,		
	2025	2024	2023
Grants and other receivables	\$ 181,480	\$ 56,741	\$ 83,234

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Contributions

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

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

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants and other receivables 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 had no deferred revenue at June 30, 2025 and 2024. The Charter School has not received any cost-reimbursement grants that have not be recognized as of June 30, 2025 because qualifying expenditures have not yet been incurred.

Cash and cash equivalents

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

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

	June 30,	
	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 15,457,296	\$ 11,223,182
Cash in escrow	<u>275,200</u>	<u>225,147</u>
	<u>\$ 15,732,496</u>	<u>\$ 11,448,329</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Cash in escrow

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

Investments

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

Investments consist of the following:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
U.S. Treasury Bills	<u>\$ 3,853,711</u>	<u>\$ 2,868,909</u>

Grants and other receivables

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

The Charter School uses historical loss data as a starting point to estimate expected credit losses, given consistent revenue sources since its inception. There were no write-offs for the years ended June 30, 2025 and 2024.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to ten years. Leasehold improvements are amortized over the lesser of their useful life or the remaining 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 or amortization are removed from the accounts and the related gain or loss is reflect in operations.

Leases

The Charter School leases building space and equipment and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current liabilities, and other liabilities on the accompanying statement of financial position. There were no finance leases at June 30, 2025 or 2024.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

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

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

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

Contributed services

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

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, 2025 and 2024.

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

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$973,000 and \$946,000 for the years ended June 30, 2025 and 2024, respectively.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

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 year ended June 30, 2024

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 the Charter School's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 29, 2025, which is the date the financial statements are available to be issued. See Notes E, K and P.

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 and cash equivalents 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 cash equivalents and shows positive cash generated by operations for fiscal years 2025 and 2024.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE B: LIQUIDITY AND AVAILABILITY, Cont'd

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:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 15,457,296	\$ 11,223,182
Certificates of deposit	2,545,252	3,254,050
Investments	3,853,711	2,868,909
Grants and other receivables	<u>1,530,027</u>	<u>3,927,652</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 23,386,286</u>	<u>\$ 21,273,793</u>

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Furniture and fixtures	\$ 2,837,049	\$ 2,507,063
Computer equipment and software	2,903,608	2,381,578
Office equipment	864,666	809,689
Leasehold improvements	7,245,603	4,087,872
Construction in progress	<u>63,816</u>	<u>3,080,973</u>
	13,914,742	12,867,175
Less accumulated depreciation and amortization	<u>8,318,217</u>	<u>6,785,847</u>
	<u>\$ 5,596,525</u>	<u>\$ 6,081,328</u>

Construction in progress is stated at cost. No provision for depreciation or amortization is made on construction in progress until such time as the relevant assets are completed and put into service.

Depreciation expense for the years ended June 30, 2025 and 2024 was approximately \$1,532,000 and \$1,218,000, respectively.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE D: COMMITMENTS AND RELATED PARTY TRANSACTIONS

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

The Charter School will pay Seton fifteen percent of the public revenues received by the Charter School during the school year, payable six times a year. The fee to Seton for the years ended June 30, 2025 and 2024 was approximately \$6,745,000 and \$5,478,00, respectively. There was approximately \$203,000 and \$119,000 due to Seton at June 30, 2025 and 2024, respectively. There was approximately \$14,000 and \$321,000 due from Seton, at June 30, 2025 and 2024, respectively.

See Note P for additional information regarding related party transactions with Vertex for the Joint High School.

NOTE E: SCHOOL FACILITIES

The Charter School currently subleases most of its facilities from Seton, totaling approximately 179,000 square feet of classrooms and office facilities along with 1,900 square feet of play-yard at June 30, 2025, except the Joint High School. See Note P for details.

The Charter School subleases a property at East 144<sup>th</sup> Street under a non-cancelable lease agreement expiring in June 2028. The current monthly payment is \$145,106 and will increase each year of the lease term by the agreed upon amount as described in the lease.

The Charter School has a sublease for the middle school located on Courtlandt Ave. The lease began on July 1, 2018 and the current monthly payment is \$110,807 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 to go through June 2046. On July 1, 2025, this sublease was terminated.

The Charter School also has a sublease agreement for a property located on College Avenue which commenced in July 2019. This lease renewed in September 2021, for \$101,000 per month through June 2022, and in July of 2022, the lease was amended for \$25,000 per month through June 2024. In July of 2024, the lease was amended and extended through June 2030 for \$41,667 per month and will increase each year of the lease term by the agreed upon amount as described in the lease. On July 1, 2025, this sublease was terminated.

The Charter School has a rental agreement for property located on East 156<sup>th</sup> Street in which a security deposit of \$300,000 was made. The lease commenced September 2020 and was originally scheduled to expire in June 2051. The current monthly payment is \$200,077. 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 and extended through August 2051.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE E: SCHOOL FACILITIES, Cont'd

In January 2020, the Charter School signed an agreement to guarantee debt related to the properties at 2336 Andrews Avenue North, East 144<sup>th</sup> Street and Courtlandt Avenue, for the Caritas and Pax Elementary Schools. This loan was repaid in connection with the bond financing by Seton to which the Charter School has an indemnification agreement and is not liable nor are they a guarantor of these bonds. As a condition of the bond issuance, the Charter School has certain financial covenants with Seton's lender. The Charter School was in compliance with these covenants as of June 30, 2025.

The lease at 2336 Andrews Avenue North, commenced in July of 2020 and expires in June 2055. The current monthly payment on the lease is \$329,146 and will increase each year of the lease term by the agreed upon amount as described in the lease.

In February 2022, the Charter School signed a sublease for 1956 Jerome Avenue, the lease was scheduled to commence in July 2025. However, in September 2025, this sublease was terminated.

In March 2023, the Charter School signed a sublease for 222 Alexander Avenue, which began in July 2023 and goes through June 2033, with an optional five-year extension. The current monthly rent is \$141,418 and will increase each year of the lease term by the agreed upon amount as described in the lease.

In October 2022, the Charter School signed a sublease for 414 East 145<sup>th</sup> Street, which began in August 2023 and goes through June 2043. The current monthly rent is \$6,344 and will increase each year of the lease term by the agreed upon amount as described in the lease.

Rent expense for the years ended June 30, 2025 and 2024, was approximately \$15,787,000 and \$15,633,000, respectively.

In July 2025, the Charter School signed a sublease for 1248 Nelson Avenue, also known as 95 W 168<sup>th</sup> Street, with commencement in July of 2025 and goes through fiscal June 2029, with an option to extend for an additional six years. The starting monthly rent will be \$312,931 in fiscal 2026 and will increase each year of the lease term by the agreed upon amount as described in the lease. The lease required a security deposit of \$20,833.

In July 2025, the Charter School signed a sublease for 378 East 151<sup>st</sup> Street, with commencement in July 2025 and goes through June 2029, with an option to extend for an additional six years. The starting monthly rent will be \$155,971 in fiscal 2026 and will increase each year of the lease term by the agreed upon amount as described in the lease. The lease required a security deposit of \$20,833.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE E: SCHOOL FACILITIES, Cont'd

Future minimum payments for leases of 1248 Nelson and 378 East 151<sup>st</sup> Street are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ 5,626,822
2027	5,975,721
2028	6,243,598
2029	<u>6,425,219</u>
	<u>\$ 24,271,360</u>

NOTE F: LEASES

The school has operating leases for school facilities (see Note E) and office equipment. The Charter School leases office equipment with various remaining lease terms ranging from 1 to 3 years.

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

	<u>Statement of Financial Position Classification</u>	<u>June 30,</u>	
		<u>2025</u>	<u>2024</u>
<u>Assets</u>			
Other assets	Right-of-use assets	<u>\$ 190,184,194</u>	<u>\$ 216,098,046</u>
<u>Liabilities</u>			
Current liabilities	Current portion of lease liabilities	\$ 2,933,067	\$ 2,442,875
Other liabilities	Long-term lease liabilities	<u>204,015,812</u>	<u>226,850,729</u>
		<u>\$ 206,948,879</u>	<u>\$ 229,293,604</u>

The component of lease expense were as follows:

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Operating lease cost	<u>\$ 15,349,842</u>	<u>\$ 15,369,449</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE F: LEASES, Cont'd

As of June 30, 2025, minimum payments due for lease liabilities for future years are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ 10,961,373
2027	11,691,585
2028	12,514,151
2029	11,335,251
2030	11,619,092
Thereafter	<u>293,965,335</u>
Total lease payments	<u>352,086,787</u>
Less: Interest	<u>(145,137,908)</u>
Present value of lease liabilities	<u>\$ 206,948,879</u>

Supplemental information is as follows:

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for operating leases	\$ 11,780,716	\$ 11,014,062
Right-of-use assets obtained in exchange for new lease liabilities (non-cash):		
Operating leases	\$ 2,916,251	\$ 22,734,248
Weighted-average remaining lease term:		
Operating leases	25.10 years	26.49 years
Weighted-average discount rate:		
Operating leases	4.02%	3.20%

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE G: CONCENTRATIONS

At June 30, 2025 and 2024, approximately 62% and 44%, respectively, of grants and other receivables are due from New York State and federal agencies.

During the years ended June 30, 2025 and 2024, approximately 75% and 72%, respectively, of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

During the both years ended June 30, 2025 and 2024, approximately 18% of total operating revenue and support came from rental assistance provided by New York City Department of Education.

NOTE H: RETIREMENT PLAN

The Charter School sponsors a defined contribution 403(b) plan covering all regular employees. The Charter School may make a discretionary contribution to the plan. The Charter School makes up to a 3% match of employee contributions. For those eligible employees with over five years of service an additional 2% match is made. The Charter School contributed approximately \$602,000 and \$587,000 to the Plan for the years ended June 30, 2025 and 2024, respectively.

NOTE I: CONTINGENCIES

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

NOTE J: FUNCTIONAL EXPENSES

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

NOTE K: DEBT

The Charter School entered into a subordinated loan agreement as of August 2024, with Charter Fund, Inc. for the purpose of providing general support in carrying out its charitable activities. The loan carries an interest rate of 1% per year and shall be repaid in full on August 30, 2029. The balance of the loan was \$200,000 at June 30, 2025.

During 2025, the Charter School renewed an existing line of credit. The line was used initially assigned to secure a sublease but was released in September 2025, once the sublease was terminated. There were no amounts outstanding on the line of credit at June 30, 2025 or 2024.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE L: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	<u>2025</u>	<u>2024</u>
Invested in property and equipment	\$ 5,596,525	\$ 6,081,328
Undesignated	<u>6,770,099</u>	<u>6,946,733</u>
	<u>\$ 12,366,624</u>	<u>\$ 13,028,061</u>

NOTE M: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

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

NOTE N: EMPLOYEE RETENTION CREDIT

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

NOTE O: FAIR VALUE MEASUREMENTS

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

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

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE O: FAIR VALUE MEASUREMENTS, Cont'd

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, 2025 and 2024.

*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 Charter School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE O: 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:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
<u>June 30, 2025</u>				
U.S. Government securities:				
U.S. Treasury Bills	\$ 3,853,711	\$ -	\$ -	\$ 3,853,711
Total assets at fair value	<u>\$ 3,853,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,853,711</u>

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

NOTE P: JOINT HIGH SCHOOL OPERATING AGREEMENTS

Charter Management Fee

As described in Note A, the Charter School entered into agreements with PPA and Vertex to manage a Joint High School Program incorporating scholars from both charter schools. In connection with the agreements, the Charter School pays a service fee to Vertex for its role in managing the joint high school equal to 15% of all the public revenues received by the Charter School for students attending the joint high school. Public revenues excludes any Federal Public Charter School Program Planning and Implementation Grant ("CSP") or any funding allocated or awarded during the 2021-2022 school year under the American Rescue Plan Elementary and Secondary School Emergency Relief Fund, the American Rescue Plan Act of 2021 or the Coronavirus Aid, Recovery and Economic Security Act. The Charter School paid a charter management fee expense of \$341,792 and \$249,565 for the years ended June 30, 2025 and 2024, respectively. There was approximately \$442,000 net amount owed to Vertex at June 30, 2024. There was approximately \$13,000 net amount due from Vertex at June 30, 2025.

Sublease with Vertex

During 2022, the Charter School entered into a sublease with Vertex for the Joint High School facility. The sublease commenced July 1, 2022. The sublease term was through June 30, 2023 and includes all utilities and security services. In August 2023, the lease was extended from July 1, 2023 to June 30, 2024 with total bi-monthly rent of \$204,840 for PPA and the Charter School, jointly. In July 2024, the lease was extended from July 1, 2024 to June 30, 2025 with total bi-monthly rent of \$296,134 for PPA and the Charter School, jointly. In July 2025, the lease was extended from July 1, 2025 to June 30, 2026 with total bi-monthly rent of \$388,069 for PPA and the Charter School, jointly.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE P: JOINT HIGH SCHOOL OPERATING AGREEMENTS, Cont'd

Joint High School Funding

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

Contribution to High School

The agreements also state that it is the sole responsibility of Vertex to ensure that it has sufficient funds to run the Joint High School Program should additional funds be required beyond the Joint High School Funding and the Charter Management Fee. During the years ended June 30, 2025 and 2024, the Charter School recognized a contribution of \$380,644 and \$158,178, respectively, from Vertex in the accompanying statement of activities and changes in net assets.

**BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS**

**OTHER FINANCIAL INFORMATION**



BUSINESS  
ADVISORS  
AND CPAS

INDEPENDENT AUDITOR’S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees  
Brilla College Preparatory Charter Schools

We have audited the financial statements of Brilla College Preparatory Charter Schools for the year ended June 30, 2025, and have issued our report thereon dated October 29, 2025, 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, 2025, as a whole.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 29, 2025

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2025

	Brilla College Preparatory							
	Elementary School	Middle School	High School (Vertex)	Total	Brilla Veritas	Brilla Caritas	Brilla Pax	Total
Revenue, gains and other support:								
Public school district:								
Resident student enrollment	\$ 6,926,294	\$ 5,307,944	1,636,451	\$ 13,870,689	\$ 10,822,153	\$ 7,969,661	\$ 6,008,381	\$ 38,670,884
Students with disabilities	828,125	982,137	92,658	1,902,920	1,419,607	725,893	747,157	4,795,577
Grants and contracts:								
State and local	29,666	22,546	-	52,212	39,796	25,742	19,521	137,271
Federal - Title and IDEA	376,056	312,024	58,571	746,651	618,490	437,326	328,285	2,130,752
Federal - other	35,023	26,923	-	61,946	55,346	35,023	28,496	180,811
Food service / Child nutrition program	167,545	156,031	-	323,576	380,856	188,967	138,983	1,032,382
NYC DOE Rental Assistance	1,369,729	1,592,897	490,935	3,453,561	3,246,646	2,177,818	1,771,936	10,649,961
TOTAL REVENUE, GAINS AND OTHER SUPPORT	9,732,438	8,400,502	2,278,615	20,411,555	16,582,894	11,560,430	9,042,759	57,597,638
Expenses:								
Program:								
Regular education	4,619,330	4,529,172	1,647,614	10,796,116	10,141,780	6,026,946	5,205,958	32,170,800
Special education	2,490,703	2,119,295	456,000	5,065,998	3,500,141	2,212,663	1,967,591	12,746,393
TOTAL PROGRAM SERVICES	7,110,033	6,648,467	2,103,614	15,862,114	13,641,921	8,239,609	7,173,549	44,917,193
Management and general	2,345,207	2,134,807	597,933	5,077,947	4,260,374	2,560,356	2,179,513	14,078,190
TOTAL OPERATING EXPENSES	9,455,240	8,783,274	2,701,547	20,940,061	17,902,295	10,799,965	9,353,062	58,995,383
SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS	277,198	(382,772)	(422,932)	(528,506)	(1,319,401)	760,465	(310,303)	(1,397,745)
Support and other revenue:								
Contributions:								
Foundations	251	194	-	445	398	252	205	1,300
Individuals	-	-	-	-	-	-	-	-
Corporation	828	74	422,750	423,652	153	97	79	423,981
Employee Retention Credit	-	-	-	-	-	-	-	-
Interest income	57,550	44,239	-	101,789	90,997	57,550	46,824	297,160
Miscellaneous income	2,650	2,038	182	4,870	4,189	2,651	2,157	13,867
TOTAL SUPPORT AND OTHER REVENUE	61,279	46,545	422,932	530,756	95,737	60,550	49,265	736,308
CHANGE IN NET ASSETS	338,477	(336,227)	-	2,250	(1,223,664)	821,015	(261,038)	(661,437)
Net assets (deficiency) at beginning of year	13,090,185	1,630,969	617,258	15,338,412	3,168,147	(1,908,783)	(3,569,715)	13,028,061
NET ASSETS (DEFICIENCY) AT END OF YEAR	<u>\$ 13,428,662</u>	<u>\$ 1,294,742</u>	<u>\$ 617,258</u>	<u>\$ 15,340,662</u>	<u>\$ 1,944,483</u>	<u>\$ (1,087,768)</u>	<u>\$ (3,830,753)</u>	<u>\$ 12,366,624</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2025

	Brilla College Preparatory					
	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel services costs:						
Administrative staff personnel	16	\$ 1,204,294	\$ 290,376	\$ 1,494,670	\$ 833,435	\$ 2,328,105
Instructional personnel	65	2,909,786	2,649,355	5,559,141	-	5,559,141
Total salaries and wages	81	4,114,080	2,939,731	7,053,811	833,435	7,887,246
Fringe benefits and payroll taxes		855,202	617,018	1,472,220	175,196	1,647,416
Retirement benefits		123,863	89,079	212,942	25,034	237,976
Legal services		-	-	-	71,087	71,087
Accounting/Audit services		-	-	-	7,486	7,486
Management company fees		-	-	-	2,611,646	2,611,646
Other Purchased/Professional/Consulting Services		587,130	168,115	755,245	215,342	970,587
Building rent		2,825,428	681,259	3,506,687	788,929	4,295,616
Repairs and maintenance		6,377	1,538	7,915	1,781	9,696
Insurance expense		96,688	23,313	120,001	26,998	146,999
Supplies/Materials		480,993	115,976	596,969	-	596,969
Equipment/Furnishings		12,063	2,909	14,972	3,368	18,340
Leased equipment		47,930	11,557	59,487	13,383	72,870
Staff development		105,953	42,107	148,060	28,092	176,152
Marketing/Recruitment		301,685	72,741	374,426	6,870	381,296
Technology		90,108	21,727	111,835	25,160	136,995
Food services		434,004	104,646	538,650	-	538,650
Student services		150,743	36,347	187,090	-	187,090
Office expense		14,161	3,414	17,575	73,631	91,206
Travel and conferences		8,287	1,998	10,285	2,314	12,599
Depreciation and amortization		519,992	125,379	645,371	145,195	790,566
Other		21,429	7,144	28,573	23,000	51,573
		<u>\$ 10,796,116</u>	<u>\$ 5,065,998</u>	<u>\$ 15,862,114</u>	<u>\$ 5,077,947</u>	<u>\$ 20,940,061</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2025

	Brilla Veritas					
	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel services costs:						
Administrative staff personnel	16	\$ 1,018,125	\$ 247,011	\$ 1,265,136	\$ 757,834	\$ 2,022,970
Instructional personnel	42	2,310,927	1,376,263	3,687,190	-	3,687,190
Total salaries and wages	58	3,329,052	1,623,274	4,952,326	757,834	5,710,160
Fringe benefits and payroll taxes		596,146	291,206	887,352	137,341	1,024,693
Retirement benefits		99,892	48,664	148,556	22,602	171,158
Legal services		-	-	-	33,274	33,274
Accounting/Audit services		-	-	-	4,026	4,026
Management company fees		-	-	-	1,992,147	1,992,147
Other Purchased/Professional/Consulting Services		584,410	179,397	763,807	159,394	923,201
Building rent		3,725,825	903,937	4,629,762	945,064	5,574,826
Repairs and maintenance		18,572	4,506	23,078	4,711	27,789
Insurance expense		79,926	19,391	99,317	20,273	119,590
Supplies/Materials		394,885	95,805	490,690	-	490,690
Equipment/Furnishings		12,347	2,995	15,342	3,132	18,474
Leased equipment		36,120	8,763	44,883	9,162	54,045
Staff development		64,052	29,221	93,273	19,400	112,673
Marketing/Recruitment		217,357	52,734	270,091	4,207	274,298
Technology		70,937	17,210	88,147	17,993	106,140
Food services		556,533	135,023	691,556	-	691,556
Student services		68,983	16,736	85,719	-	85,719
Office expense		15,348	3,724	19,072	52,384	71,456
Travel and conferences		2,507	608	3,115	636	3,751
Depreciation and amortization		253,902	61,600	315,502	64,403	379,905
Other		14,986	5,347	20,333	12,391	32,724
		<u>\$ 10,141,780</u>	<u>\$ 3,500,141</u>	<u>\$ 13,641,921</u>	<u>\$ 4,260,374</u>	<u>\$ 17,902,295</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2025

	Brilla Caritas					
	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel services costs:						
Administrative staff personnel	9	\$ 565,135	\$ 132,427	\$ 697,562	\$ 329,976	\$ 1,027,538
Instructional personnel	30	1,341,826	939,010	2,280,836	-	2,280,836
Total salaries and wages	39	1,906,961	1,071,437	2,978,398	329,976	3,308,374
Fringe benefits and payroll taxes		365,635	205,937	571,572	63,534	635,106
Retirement benefits		56,240	31,594	87,834	9,729	97,563
Legal services		-	-	-	16,191	16,191
Accounting/Audit services		-	-	-	2,548	2,548
Management company fees		-	-	-	1,396,609	1,396,609
Other Purchased/Professional/Consulting Services		407,186	122,885	530,071	109,495	639,566
Building rent		2,227,885	522,057	2,749,942	512,432	3,262,374
Repairs and maintenance		16,625	3,896	20,521	3,824	24,345
Insurance expense		51,680	12,110	63,790	11,887	75,677
Supplies/Materials		250,989	58,814	309,803	-	309,803
Equipment/Furnishings		4,653	1,090	5,743	1,070	6,813
Leased equipment		9,146	2,143	11,289	2,104	13,393
Staff development		45,014	19,206	64,220	12,042	76,262
Marketing/Recruitment		135,586	31,772	167,358	2,198	169,556
Technology		47,767	11,193	58,960	10,987	69,947
Food services		293,809	68,848	362,657	-	362,657
Student services		44,882	10,517	55,399	-	55,399
Office expense		5,356	1,255	6,611	31,329	37,940
Travel and conferences		2,209	518	2,727	508	3,235
Depreciation and amortization		148,051	34,693	182,744	34,053	216,797
Other		7,272	2,698	9,970	9,840	19,810
		<u>\$ 6,026,946</u>	<u>\$ 2,212,663</u>	<u>\$ 8,239,609</u>	<u>\$ 2,560,356</u>	<u>\$ 10,799,965</u>

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2025

	Brilla Pax					
	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel services costs:						
Administrative staff personnel	8	\$ 492,576	\$ 98,218	\$ 590,794	\$ 323,386	\$ 914,180
Instructional personnel	27	1,340,308	1,011,625	2,351,933	-	2,351,933
Total salaries and wages	35	1,832,884	1,109,843	2,942,727	323,386	3,266,113
Fringe benefits and payroll taxes		358,650	217,169	575,819	63,279	639,098
Retirement benefits		53,529	32,412	85,941	9,444	95,385
Legal services		-	-	-	15,648	15,648
Accounting/Audit services		-	-	-	2,073	2,073
Management company fees		-	-	-	1,086,161	1,086,161
Other Purchased/Professional/Consulting Services		264,758	62,466	327,224	93,291	420,515
Building rent		1,812,228	361,351	2,173,579	480,785	2,654,364
Repairs and maintenance		21,015	4,190	25,205	5,575	30,780
Insurance expense		42,038	8,382	50,420	11,153	61,573
Supplies/Materials		213,112	42,494	255,606	-	255,606
Equipment/Furnishings		3,298	658	3,956	875	4,831
Leased equipment		7,143	1,424	8,567	1,895	10,462
Staff development		43,900	15,798	59,698	12,161	71,859
Marketing/Recruitment		120,632	24,054	144,686	3,520	148,206
Technology		36,376	7,253	43,629	9,651	53,280
Food services		228,350	45,532	273,882	-	273,882
Student services		49,664	9,903	59,567	-	59,567
Office expense		6,108	1,218	7,326	25,511	32,837
Travel and conferences		1,379	275	1,654	366	2,020
Depreciation and amortization		99,068	19,754	118,822	26,283	145,105
Other		11,826	3,415	15,241	8,456	23,697
		<u>\$ 5,205,958</u>	<u>\$ 1,967,591</u>	<u>\$ 7,173,549</u>	<u>\$ 2,179,513</u>	<u>\$ 9,353,062</u>

**BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS**

**REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS**



BUSINESS  
ADVISORS  
AND CPAS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Brilla College Preparatory Charter Schools

We have audited, in accordance with 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, 2025 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 29, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Brilla College Preparatory Charter Schools' internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brilla College Preparatory Charter Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Brilla College Preparatory Charter Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brilla College Preparatory Charter Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 29, 2025

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2025

FINDINGS – FINANCIAL STATEMENT AUDIT

- NONE

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

**Finding 2024-001**

Statement of condition

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

Criteria and effect of conditions

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

Recommendation

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

Management response

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

Current Status

The funds were transferred to the dissolution fund in July 2024.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

SCHEDULE OF FINDINGS AND RESPONSES, Cont'd

YEAR ENDED JUNE 30, 2025

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES, Cont'd

**Finding 2024-002**

Statement of condition

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

Criteria and effect of conditions

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

Recommendation

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

Management response

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

Current Status

We noted the Charter School enrollment for the school noted was 91% of the projected enrollment for the 2024-2025 academic year.