

BRILLA COLLEGE PREPARATORY
CHARTER SCHOOLS

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020

(With Comparative Totals for 2019)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Brilla College Preparatory Charter Schools

Report on the Financial Statements

We have audited the accompanying financial statements of Brilla College Preparatory Charter Schools, which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Brilla College Preparatory Charter Schools' June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2019. In our opinion, the summarized comparative information presented herein as of June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter with Respect to Change of Accounting Methods

As discussed in Note A to the financial statements, in 2020, Brilla College Preparatory Charter Schools adopted new accounting guidance for recognition of revenue, contributions received and statement of cash flows presentation. Our opinion is not modified with respect to these matters.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 28, 2020

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(With Comparative Totals for 2019)

| <u>ASSETS</u> | <u>June 30,</u> | |
|--|----------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| <u>CURRENT ASSETS</u> | | |
| Cash and cash equivalents | \$ 6,051,857 | \$ 4,948,769 |
| Grants and other receivables | 1,226,695 | 439,083 |
| Prepaid expenses and other current assets | <u>633,521</u> | <u>309,079</u> |
| TOTAL CURRENT ASSETS | 7,912,073 | 5,696,931 |
| <u>PROPERTY AND EQUIPMENT, net</u> | 1,794,220 | 1,025,637 |
| <u>OTHER ASSETS</u> | | |
| Security deposits | 414,178 | 414,178 |
| Cash in escrow | <u>150,384</u> | <u>150,259</u> |
| | <u>564,562</u> | <u>564,437</u> |
| TOTAL ASSETS | <u>\$ 10,270,855</u> | <u>\$ 7,287,005</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>CURRENT LIABILITIES</u> | | |
| Current portion of long-term debt | \$ 794,563 | \$ 85,868 |
| Accounts payable and accrued expenses | 927,204 | 530,135 |
| Accrued payroll and benefits | 685,433 | 509,088 |
| Deferred revenue | <u>-</u> | <u>31,705</u> |
| TOTAL CURRENT LIABILITIES | 2,407,200 | 1,156,796 |
| <u>OTHER LIABILITIES</u> | | |
| Deferred lease liability | 437,114 | 76,601 |
| Long-term debt, net of unamortized debt issuance costs of \$9,433 June 30, 2019 | <u>1,000,678</u> | <u>121,660</u> |
| | <u>1,437,792</u> | <u>198,261</u> |
| TOTAL LIABILITIES | 3,844,992 | 1,355,057 |
| <u>NET ASSETS - without donor restrictions</u> | <u>6,425,863</u> | <u>5,931,948</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 10,270,855</u> | <u>\$ 7,287,005</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, 2020

(With Comparative Totals for 2019)

| | <u>Year ended June 30,</u> | |
|-----------------------------------|--|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Revenue, gains and other support: | | |
| Public school district: | | |
| Resident student enrollment | \$ 15,018,034 | \$ 11,429,615 |
| Students with disabilities | 1,437,348 | 1,150,906 |
| Grants and contracts: | | |
| State and local | 72,492 | 58,440 |
| Federal - Title and IDEA | 681,317 | 655,199 |
| Federal - other | 887,996 | 437,734 |
| NYC DOE Rental Assistance | 3,627,540 | 2,523,191 |
| | <u>TOTAL REVENUE, GAINS</u> | |
| | <u>AND OTHER SUPPORT</u> | |
| | 21,724,727 | 16,255,085 |
| Expenses: | | |
| Program: | | |
| Regular education | 12,235,117 | 9,677,905 |
| Special education | 4,119,876 | 2,806,188 |
| Total program services | 16,354,993 | 12,484,093 |
| Management and general | 5,118,490 | 3,503,458 |
| | <u>TOTAL OPERATING EXPENSES</u> | <u>15,987,551</u> |
| | 21,473,483 | |
| | SURPLUS FROM SCHOOL OPERATIONS | 267,534 |
| | 251,244 | 267,534 |
| Support and other revenue: | | |
| Contributions | | |
| Foundations | 54,935 | 52,000 |
| Individuals | 56,005 | 27,674 |
| In-kind | 10,800 | - |
| Fundraising | 11,404 | 7,433 |
| Interest income | 43,178 | 55,691 |
| Miscellaneous income | 66,349 | 33,135 |
| | <u>TOTAL SUPPORT AND OTHER REVENUE</u> | <u>175,933</u> |
| | 242,671 | |
| | CHANGE IN NET ASSETS | 443,467 |
| | 493,915 | 443,467 |
| Net assets at beginning of year | <u>5,931,948</u> | <u>5,488,481</u> |
| | NET ASSETS AT END OF YEAR | \$ 5,931,948 |
| | <u>\$ 6,425,863</u> | <u>\$ 5,931,948</u> |

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

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES

JUNE 30, 2020
(With Comparative Totals for 2019)

| | Year ended June 30, | | | | | | Year Ended June 30, 2019 |
|--|---------------------|----------------------|--------------|------------------------------|------------------------|---------------|--------------------------------|
| | 2020 | | | | | | |
| | No. of Positions | Program Services | | | Supporting Services | Total | |
| Regular Education | | Special Education | Sub-total | Management and general | | | |
| Personnel services costs: | | | | | | | |
| Administrative staff personnel | 35 | \$ 1,676,643 | \$ 434,915 | \$ 2,111,558 | \$ 1,098,734 | \$ 3,210,292 | \$ 2,325,562 |
| Instructional personnel | 88 | 4,302,490 | 1,829,329 | 6,131,819 | - | 6,131,819 | 4,552,838 |
| Total salaries and wages | 123 | 5,979,133 | 2,264,244 | 8,243,377 | 1,098,734 | 9,342,111 | 6,878,400 |
| Fringe benefits and payroll taxes | | 1,071,178 | 403,588 | 1,474,766 | 163,565 | 1,638,331 | 1,201,497 |
| Retirement benefits | | 151,047 | 62,306 | 213,353 | 24,502 | 237,855 | 152,683 |
| Legal services | | - | - | - | 51,211 | 51,211 | 32,633 |
| Accounting/Audit services | | - | - | - | 38,750 | 38,750 | 33,000 |
| Management company fees | | - | - | - | 1,860,295 | 1,860,295 | 1,412,013 |
| Other Purchased/Professional/Consulting Services | | 817,355 | 265,948 | 1,083,303 | 238,281 | 1,321,584 | 1,092,721 |
| Building rent | | 2,719,289 | 706,552 | 3,425,841 | 903,227 | 4,329,068 | 2,807,801 |
| Repairs and maintenance | | 16,367 | 3,474 | 19,841 | 5,357 | 25,198 | 3,655 |
| Insurance expense | | 61,640 | 16,098 | 77,738 | 20,482 | 98,220 | 78,852 |
| Supplies/Materials | | 383,156 | 100,187 | 483,343 | 18,260 | 501,603 | 418,292 |
| Equipment/Furnishings | | 16,187 | 4,395 | 20,582 | 6,563 | 27,145 | 27,343 |
| Leased equipment | | 40,771 | 10,909 | 51,680 | 13,575 | 65,255 | 50,702 |
| Staff development | | 133,637 | 57,187 | 190,824 | 76,081 | 266,905 | 220,973 |
| Marketing/Recruitment | | 126,937 | 32,091 | 159,028 | 88,876 | 247,904 | 155,924 |
| Technology | | 122,202 | 31,897 | 154,099 | 41,116 | 195,215 | 165,891 |
| Food services | | 672 | 194 | 866 | - | 866 | 2,352 |
| Student services | | 229,202 | 58,723 | 287,925 | 5,209 | 293,134 | 389,351 |
| Office expense | | 13,324 | 3,730 | 17,054 | 76,464 | 93,518 | 101,656 |
| Travel and conferences | | 20,533 | 5,504 | 26,037 | 8,154 | 34,191 | 50,227 |
| Depreciation and amortization | | 295,161 | 78,770 | 373,931 | 100,797 | 474,728 | 643,605 |
| Other | | 37,326 | 14,079 | 51,405 | 278,991 | 330,396 | 67,980 |
| | | \$ 12,235,117 | \$ 4,119,876 | \$ 16,354,993 | \$ 5,118,490 | \$ 21,473,483 | \$ 15,987,551 |

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

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF CASH FLOWS

JUNE 30, 2020

(With Comparative Totals for 2019)

| | <u>Year ended June 30,</u> | |
|---|----------------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| <u>CASH FLOWS - OPERATING ACTIVITIES</u> | | |
| Change in net assets | \$ 493,915 | \$ 443,467 |
| Adjustments to reconcile change in net assets to net cash provided from operating activities: | | |
| Depreciation and amortization | 474,728 | 643,605 |
| Changes in certain assets and liabilities affecting operations: | | |
| Grants and other receivables | (787,612) | 59,576 |
| Prepaid expenses and other current assets | (324,442) | (146,671) |
| Accounts payable and accrued expenses | 3,776 | (12,144) |
| Accrued payroll and benefits | 176,345 | 117,838 |
| Deferred revenue | (31,705) | 31,705 |
| Deferred lease liability | 360,513 | 76,601 |
| NET CASH PROVIDED FROM OPERATING ACTIVITIES | <u>365,518</u> | <u>1,213,977</u> |
| <u>CASH FLOWS - INVESTING ACTIVITIES</u> | | |
| Purchases of property and equipment | <u>(850,018)</u> | <u>(482,588)</u> |
| NET CASH USED FOR INVESTING ACTIVITIES | <u>(850,018)</u> | <u>(482,588)</u> |
| <u>CASH FLOWS - FINANCING ACTIVITIES</u> | | |
| Borrowings on long-term debt | 1,795,241 | - |
| Repayments on long-term debt | <u>(207,528)</u> | <u>(80,576)</u> |
| NET CASH PROVIDED FROM (USED FOR) FINANCING ACTIVITIES | <u>1,587,713</u> | <u>(80,576)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH | 1,103,213 | 650,813 |
| Cash and cash equivalents and restricted cash at beginning of year | <u>5,099,028</u> | <u>4,448,215</u> |
| CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR | <u>\$ 6,202,241</u> | <u>\$ 5,099,028</u> |
| <u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u> | | |
| Purchases of property and equipment included in accounts payable | <u>\$ 393,293</u> | <u>\$ -</u> |

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

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Comparative Totals for 2019)

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.

In August 2016, the Charter School’s Board of Trustees signed a charter agreement with the Board of Regents of the State University of New York. The charter agreement was for a school named Brilla College Preparatory Charter School at Highbridge (“Highbridge”). The charter agreement was for five years. In May 2017, the Board of Regents of the State University of New York approved an order of consolidation and extension of the provisional charter which consolidated Brilla College Preparatory Charter School into Highbridge and amended the surviving education corporation name to Brilla College Preparatory Charter Schools, effective July 1, 2017. In conjunction with this merger, effective July 1, 2017, the original Brilla College Preparatory Charter School was dissolved. The Charter currently operates Brilla College Preparatory Charter School and Brilla College Preparatory Charter School Veritas, that charter expires in July 2022. In October 2018, the SUNY Board of Trustees’ Charter School Committee approved the initial five year charters for Brilla Caritas Charter School and Brilla Pax Charter School which opened in August of 2020 and expire 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.

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, 2020 or 2019.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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:

| | June 30, | | |
|------------------------------|------------|------------|------------|
| | 2020 | 2019 | 2018 |
| Grants and other receivables | \$ 906,532 | \$ 196,467 | \$ 225,364 |

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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 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 \$224,000 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred. There were no cost-reimbursement grants that had not been recognized at June 30, 2019 because qualifying expenditures had 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 restricted cash balances for the years ended June 30, 2020 and 2019 consisted of the following:

| | <u>June 30,</u> | |
|---------------------------|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash and cash equivalents | \$ 6,051,857 | \$ 4,948,769 |
| Cash in escrow | <u>150,384</u> | <u>150,259</u> |
| | <u>\$ 6,202,241</u> | <u>\$ 5,099,028</u> |

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

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.

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, 2020 and 2019.

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.

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 transportation services, 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 in-kind contributions of \$10,800 received for year ended June 30, 2020. There were no in-kind contributions received for the year ended June 30, 2019.

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, 2017 through June 30, 2020 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.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$247,900 and \$155,900 for the years ended June 30, 2020 and 2019, respectively.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

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.

Deferred revenue

The Charter School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

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, 2019

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, 2019, from which the summarized information was derived.

Adoption of new accounting standards

Revenue from contracts with customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new standard related to revenue recognition. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. For nonpublic entities, the guidance in this new standard is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Charter School adopted ASC 606 with the date of initial application of July 1, 2019.

The Charter School applied ASC 606 using the cumulative effect method, which generally requires the recognition of the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of net assets, at July 1, 2019. There was no adjustment to the opening balance of net assets at July 1, 2019, as a result of this new accounting standard. In addition, the comparative information has not been adjusted and continues to be reported under existing revenue guidance. The Charter School does not expect the adoption of the new revenue standard to have a material impact on its income on an ongoing basis.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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

As part of the adoption of ASC 606, the Charter School elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligation, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

Contributions received and contributions made

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made". ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. For most resource recipients, this standard is effective for annual reporting periods beginning after December 15, 2018. The Charter School adopted the provisions of ASU 2018-08 applicable to contributions received with a date of initial application of July 1, 2019 under a modified prospective basis. Accordingly, there is no effect on net assets.

Statement of cash flows

In November 2016, the FASB issued new guidance related to the statement of cash flows (ASC 230), which requires entities to include restricted cash in the reconciliation of the beginning-of-year to the end-of-year of cash in the statement of cash flows. ASC 230 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Charter School adopted this standard as of July 1, 2019 using the retrospective transition method.

New accounting pronouncement - 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.

Reclassifications

Certain prior year amounts have been reclassified to conform with the present year presentation.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 28, 2020, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

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 2020 and 2019.

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, 2020 and 2019:

| | June 30, | |
|--|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash and cash equivalents | \$ 6,051,857 | \$ 4,948,769 |
| Grants and other receivables | <u>1,226,695</u> | <u>439,083</u> |
| Total financial assets available to management for general expenditures within one year | <u>\$ 7,278,552</u> | <u>\$ 5,387,852</u> |

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

| | June 30, | |
|--|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Furniture and fixtures | \$ 873,219 | \$ 453,464 |
| Computer equipment and software | 1,174,378 | 740,802 |
| Office equipment | 441,309 | 371,633 |
| Leasehold improvements | 2,254,424 | 2,121,302 |
| Construction in progress | <u>185,499</u> | <u>-</u> |
| | 4,928,829 | 3,687,201 |
| Less accumulated depreciation and amortization | <u>3,134,609</u> | <u>2,661,564</u> |
| | <u>\$ 1,794,220</u> | <u>\$ 1,025,637</u> |

No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. Total depreciation and amortization expense was approximately \$474,700 and \$643,600 for the years ended June 30, 2020 and 2019, respectively.

NOTE D: COMMITMENTS

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 a percentage of the total enrollment of students multiplied by the approved per pupil operating expenses, payable six times a year. The fee ranges from ten percent for the first three years of a school and then twelve percent thereafter. Effective July 1, 2020, the fee increased to fifteen percent. The fee for the years ended June 30, 2020 and 2019 was approximately \$1,860,000 and \$1,412,000, respectively. There were no amounts due to Seton at June 30, 2020. There was approximately \$5,800 due to Seton at June 30, 2019. There was also approximately \$135,700 and \$21,500 due from Seton, at June 30, 2020 and 2019, respectively.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE E: SCHOOL FACILITIES

The Charter School currently subleases all of its facilities from Seton, totaling approximately 88,580 square feet of classrooms and office facilities along with 1,900 square feet of play-yard at June 30, 2020.

The Charter School subleases a property at East 144th Street under a non-cancelable lease agreement expiring in June 2023. The current monthly payment is \$127,600 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 \$95,600 and will increase each year of the lease term by the agreed upon amount as described in the lease.

The Charter School also signed a sublease agreement for a property located on College Avenue which commences in July 2019 and expired in June 2020 for \$107,500 per month.

The Charter School signed a rental agreement for property located on East 156th 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 approximately \$110,000. The payment will increase each year of the lease by the agreed upon amount as described in the lease.

In January 2020, the Charter School signed an agreement to guarantee debt related to property at 2336 Andrews Avenue North, where the Charter School intends to use it for the Caritas and Pax Elementary Schools. The initial amount of the construction loan was \$11,136,000; terms will be set once construction is completed during the year ending June 30, 2021.

Rent expense was approximately \$4,329,000 and \$2,807,800 for the years ended June 30, 2020 and 2019, respectively.

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

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|----------------------|
| 2021 | \$ 4,073,200 |
| 2022 | 4,180,900 |
| 2023 | 4,291,500 |
| 2024 | 2,714,500 |
| 2025 | 2,788,900 |
| Thereafter | <u>71,402,500</u> |
| | <u>\$ 89,451,500</u> |

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE F: OPERATING LEASES

The Charter School leases office equipment under non-cancelable lease agreements expiring at various dates through October 2022. The approximate future minimum payments on these agreements are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|------------------|
| 2021 | \$ 44,800 |
| 2022 | 30,700 |
| 2023 | 6,000 |
| | <u>\$ 81,500</u> |

NOTE G: LONG-TERM DEBT

The Charter School had a note payable with an unrelated party. Interest only payments were made through December 1, 2015 when principal repayments begin. Monthly payments were \$8,044 including interest at 6% for the term of the loan, which was 6 years, through November 2021. As of June 30, 2019, the note had an outstanding principal balance of \$216,961. The note was repaid in full in the year ended June 30, 2020.

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 has a maturity of two years and an interest rate of 1%. The loan has the potential for forgiveness provided certain requirements are met by the Charter School. The loan was funded in May 2020. Due to the potential of forgiveness, repayment terms have not been finalized as of the report date.

Estimates annual maturities of long-term debt are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------------|
| 2021 | \$ 794,563 |
| 2022 | 1,000,678 |
| | <u>\$ 1,795,241</u> |

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE H: CONCENTRATIONS

At June 30, 2020 and 2019, approximately 14% and 5%, respectively, of grants and other receivables were due from New York State agencies.

At June 30, 2020 and 2019, approximately 71% and 90%, respectively, of grants and other receivables were due from Federal agencies.

During the years ended June 30, 2020 and 2019, approximately 76% and 77% of total operating revenue and support came from per-pupil funding provided by New York State, respectively. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

During the years ended June 30, 2020 and 2019, approximately 17% and 15% of total operating revenue and support came from rental assistance provided by New York City Department of Education, respectively.

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. In 2019 the board approved the Charter School to make up to a 5% match of employee contributions. The Charter School contributed approximately \$238,000 and \$152,700 to the Plan for the years ended June 30, 2020 and 2019, 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.

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2020

(With Comparative Totals for 2019)

NOTE L: NET ASSETS

Net assets without donor restrictions are as follows:

| | June 30, | |
|-------------------------------------|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Property and equipment, net of debt | \$ 1,794,220 | \$ 818,109 |
| Undesignated | <u>4,631,643</u> | <u>5,113,839</u> |
| | <u>\$ 6,425,863</u> | <u>\$ 5,931,948</u> |

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 originating in Wuhan, China (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 2021.

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, 2020, and have issued our reports thereon dated October 28, 2020, 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, 2020, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 28, 2020

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2020

| | <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 | \$ 7,087,655 | \$ 3,839,251 | \$ 10,926,906 | \$ 4,091,128 | \$ - | \$ - | \$ 15,018,034 |
| Students with disabilities | 703,170 | 331,608 | 1,034,778 | 402,570 | - | - | 1,437,348 |
| Grants and contracts: | | | | | | | |
| State and local | 34,025 | 17,924 | 51,949 | 20,543 | - | - | 72,492 |
| Federal - Title and IDEA | 360,188 | 181,353 | 541,541 | 139,776 | - | - | 681,317 |
| Federal - other | 78,505 | 23,591 | 102,096 | 70,322 | 568,306 | 147,272 | 887,996 |
| NYC DOE Rental Assistance | <u>1,274,487</u> | <u>1,140,194</u> | <u>2,414,681</u> | <u>1,212,859</u> | <u>-</u> | <u>-</u> | <u>3,627,540</u> |
| TOTAL REVENUE, GAINS AND OTHER SUPPORT | <u>9,538,030</u> | <u>5,533,921</u> | <u>15,071,951</u> | <u>5,937,198</u> | <u>568,306</u> | <u>147,272</u> | <u>21,724,727</u> |
| Expenses: | | | | | | | |
| Program: | | | | | | | |
| Regular education | 5,038,670 | 3,461,354 | 8,500,024 | 3,735,093 | - | - | 12,235,117 |
| Special education | <u>1,942,881</u> | <u>1,222,377</u> | <u>3,165,258</u> | <u>954,618</u> | <u>-</u> | <u>-</u> | <u>4,119,876</u> |
| TOTAL PROGRAM EXPENSES | 6,981,551 | 4,683,731 | 11,665,282 | 4,689,711 | - | - | 16,354,993 |
| Management and general | <u>2,178,138</u> | <u>1,353,769</u> | <u>3,531,907</u> | <u>1,155,556</u> | <u>205,792</u> | <u>225,235</u> | <u>5,118,490</u> |
| TOTAL OPERATING EXPENSES | <u>9,159,689</u> | <u>6,037,500</u> | <u>15,197,189</u> | <u>5,845,267</u> | <u>205,792</u> | <u>225,235</u> | <u>21,473,483</u> |
| SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS | 378,341 | (503,579) | (125,238) | 91,931 | 362,514 | (77,963) | 251,244 |
| Support and other revenue: | | | | | | | |
| Contributions | | | | | | | |
| Foundations | 25,722 | 9,244 | 34,966 | 19,969 | - | - | 54,935 |
| Individuals | 26,289 | 13,850 | 40,139 | 15,866 | - | - | 56,005 |
| In-kind | 5,069 | 2,671 | 7,740 | 3,060 | - | - | 10,800 |
| Fundraising | 4,954 | 1,600 | 6,554 | 4,850 | - | - | 11,404 |
| Interest income | 20,197 | 10,574 | 30,771 | 12,407 | - | - | 43,178 |
| Miscellaneous income | <u>32,972</u> | <u>15,323</u> | <u>48,295</u> | <u>18,054</u> | <u>-</u> | <u>-</u> | <u>66,349</u> |
| TOTAL SUPPORT AND OTHER REVENUE | <u>115,203</u> | <u>53,262</u> | <u>168,465</u> | <u>74,206</u> | <u>-</u> | <u>-</u> | <u>242,671</u> |
| CHANGE IN NET ASSETS | 493,544 | (450,317) | 43,227 | 166,137 | 362,514 | (77,963) | 493,915 |
| Net assets at beginning of year | <u>4,542,054</u> | <u>321,196</u> | <u>4,863,250</u> | <u>1,068,698</u> | <u>-</u> | <u>-</u> | <u>5,931,948</u> |
| NET ASSETS (DEFICIENCY) AT END OF YEAR | <u>\$ 5,035,598</u> | <u>\$ (129,121)</u> | <u>\$ 4,906,477</u> | <u>\$ 1,234,835</u> | <u>\$ 362,514</u> | <u>\$ (77,963)</u> | <u>\$ 6,425,863</u> |

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2020

| | 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 | 25 | \$ 1,146,633 | \$ 329,853 | \$ 1,476,486 | \$ 686,035 | \$ 686,035 | \$ 2,162,521 |
| Instructional personnel | 62 | 2,983,779 | 1,400,506 | 4,384,285 | - | - | 4,384,285 |
| Total salaries and wages | 87 | 4,130,412 | 1,730,359 | 5,860,771 | 686,035 | 686,035 | 6,546,806 |
| Fringe benefits and payroll taxes | | 724,174 | 303,378 | 1,027,552 | 120,280 | 120,280 | 1,147,832 |
| Retirement benefits | | 143,574 | 60,148 | 203,722 | 23,847 | 23,847 | 227,569 |
| Legal services | | - | - | - | 7,044 | 7,044 | 7,044 |
| Accounting/Audit services | | - | - | - | 28,834 | 28,834 | 28,834 |
| Management company fees | | - | - | - | 1,416,478 | 1,416,478 | 1,416,478 |
| Other Purchased/Professional/Consulting Services | | 571,257 | 209,928 | 781,185 | 162,727 | 162,727 | 943,912 |
| Building rent | | 1,872,845 | 538,764 | 2,411,609 | 627,459 | 627,459 | 3,039,068 |
| Repairs and maintenance | | 2,562 | 737 | 3,299 | 859 | 859 | 4,158 |
| Insurance expense | | 43,382 | 12,479 | 55,861 | 14,534 | 14,534 | 70,395 |
| Supplies/Materials | | 270,957 | 77,946 | 348,903 | - | - | 348,903 |
| Equipment/Furnishings | | 13,256 | 3,814 | 17,070 | 4,442 | 4,442 | 21,512 |
| Leased equipment | | 31,610 | 9,093 | 40,703 | 10,590 | 10,590 | 51,293 |
| Staff development | | 102,181 | 44,843 | 147,024 | 34,233 | 34,233 | 181,257 |
| Marketing/Recruitment | | 77,456 | 22,282 | 99,738 | 17,068 | 17,068 | 116,806 |
| Technology | | 85,789 | 24,679 | 110,468 | 28,742 | 28,742 | 139,210 |
| Food services | | 672 | 194 | 866 | - | - | 866 |
| Student services | | 148,576 | 42,741 | 191,317 | - | - | 191,317 |
| Office expense | | 12,166 | 3,500 | 15,666 | 54,412 | 54,412 | 70,078 |
| Travel and conferences | | 16,031 | 4,612 | 20,643 | 5,371 | 5,371 | 26,014 |
| Depreciation and amortization | | 226,521 | 65,164 | 291,685 | 75,892 | 75,892 | 367,577 |
| Other | | 26,603 | 10,597 | 37,200 | 213,060 | 213,060 | 250,260 |
| | | <u>\$ 8,500,024</u> | <u>\$ 3,165,258</u> | <u>\$ 11,665,282</u> | <u>\$ 3,531,907</u> | <u>\$ 3,531,907</u> | <u>\$ 15,197,189</u> |

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2020

| | 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 | 8 | \$ 530,010 | \$ 105,062 | \$ 635,072 | \$ 162,154 | \$ 162,154 | \$ 797,226 |
| Instructional personnel | 26 | 1,318,711 | 428,823 | 1,747,534 | - | - | 1,747,534 |
| Total salaries and wages | 34 | 1,848,721 | 533,885 | 2,382,606 | 162,154 | 162,154 | 2,544,760 |
| Fringe benefits and payroll taxes | | 347,004 | 100,210 | 447,214 | 30,436 | 30,436 | 477,650 |
| Retirement benefits | | 7,473 | 2,158 | 9,631 | 655 | 655 | 10,286 |
| Legal services | | - | - | - | 4,543 | 4,543 | 4,543 |
| Accounting/Audit services | | - | - | - | 9,916 | 9,916 | 9,916 |
| Management company fees | | - | - | - | 443,817 | 443,817 | 443,817 |
| Other Purchased/Professional/Consulting Services | | 246,098 | 56,020 | 302,118 | 70,306 | 70,306 | 372,424 |
| Building rent | | 846,444 | 167,788 | 1,014,232 | 275,768 | 275,768 | 1,290,000 |
| Repairs and maintenance | | 13,805 | 2,737 | 16,542 | 4,498 | 4,498 | 21,040 |
| Insurance expense | | 18,258 | 3,619 | 21,877 | 5,948 | 5,948 | 27,825 |
| Supplies/Materials | | 112,199 | 22,241 | 134,440 | - | - | 134,440 |
| Equipment/Furnishings | | 2,931 | 581 | 3,512 | 955 | 955 | 4,467 |
| Leased equipment | | 9,161 | 1,816 | 10,977 | 2,985 | 2,985 | 13,962 |
| Staff development | | 31,456 | 12,344 | 43,800 | 10,248 | 10,248 | 54,048 |
| Marketing/Recruitment | | 49,481 | 9,809 | 59,290 | 12,329 | 12,329 | 71,619 |
| Technology | | 36,413 | 7,218 | 43,631 | 11,863 | 11,863 | 55,494 |
| Student services | | 80,626 | 15,982 | 96,608 | - | - | 96,608 |
| Office expense | | 1,158 | 230 | 1,388 | 21,218 | 21,218 | 22,606 |
| Travel and conferences | | 4,502 | 892 | 5,394 | 1,467 | 1,467 | 6,861 |
| Depreciation and amortization | | 68,640 | 13,606 | 82,246 | 22,363 | 22,363 | 104,609 |
| Other | | 10,723 | 3,482 | 14,205 | 64,087 | 64,087 | 78,292 |
| | | <u>\$ 3,735,093</u> | <u>\$ 954,618</u> | <u>\$ 4,689,711</u> | <u>\$ 1,155,556</u> | <u>\$ 1,155,556</u> | <u>\$ 5,845,267</u> |

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2020

| | | Brilla Caritas | | | | | |
|--|--------------------------|-------------------|-------------------|-----------|------------------------|------------|------------|
| | | Program Services | | | Supporting Services | | Total |
| | | Regular Education | Special Education | Sub-total | Management and general | Sub-total | |
| | | No. of Positions | | | | | |
| Personnel Services Costs: | | | | | | | |
| Administrative staff personnel | | 1 | - | - | - | 129,102 | 129,102 |
| | Total salaries and wages | 1 | - | - | - | 129,102 | 129,102 |
| Fringe benefits and payroll taxes | | | - | - | - | 9,587 | 9,587 |
| Legal services | | | - | - | - | 17,787 | 17,787 |
| Other Purchased/Professional/Consulting Services | | | - | - | - | 1,950 | 1,950 |
| Supplies/Materials | | | - | - | - | 9,341 | 9,341 |
| Equipment/Furnishings | | | - | - | - | 583 | 583 |
| Staff development | | | - | - | - | 608 | 608 |
| Marketing/Recruitment | | | - | - | - | 33,000 | 33,000 |
| Technology | | | - | - | - | 230 | 230 |
| Student services | | | - | - | - | 1,012 | 1,012 |
| Office expense | | | - | - | - | 330 | 330 |
| Travel and conferences | | | - | - | - | 125 | 125 |
| Depreciation and amortization | | | - | - | - | 1,287 | 1,287 |
| Other | | | - | - | - | 850 | 850 |
| | | | \$ - | \$ - | \$ - | \$ 205,792 | \$ 205,792 |

BRILLA COLLEGE PREPARATORY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER

YEAR ENDED JUNE 30, 2020

| | 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 | 1 | \$ - | \$ - | \$ - | \$ 121,443 | \$ 121,443 | \$ 121,443 |
| Total salaries and wages | 1 | - | - | - | 121,443 | 121,443 | 121,443 |
| Fringe benefits and payroll taxes | | - | - | - | 3,262 | 3,262 | 3,262 |
| Legal services | | - | - | - | 21,837 | 21,837 | 21,837 |
| Other Purchased/Professional/Consulting Services | | - | - | - | 3,298 | 3,298 | 3,298 |
| Supplies/Materials | | - | - | - | 8,919 | 8,919 | 8,919 |
| Equipment/Furnishings | | - | - | - | 583 | 583 | 583 |
| Staff development | | - | - | - | 30,992 | 30,992 | 30,992 |
| Marketing/Recruitment | | - | - | - | 26,479 | 26,479 | 26,479 |
| Technology | | - | - | - | 281 | 281 | 281 |
| Student services | | - | - | - | 4,197 | 4,197 | 4,197 |
| Office expense | | - | - | - | 504 | 504 | 504 |
| Travel and conferences | | - | - | - | 1,191 | 1,191 | 1,191 |
| Depreciation and amortization | | - | - | - | 1,255 | 1,255 | 1,255 |
| Other | | - | - | - | 994 | 994 | 994 |
| | | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 225,235</u> | <u>\$ 225,235</u> | <u>\$ 225,235</u> |