

BRILLA NEW JERSEY CHARTER SCHOOL

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2024

BRILLA NEW JERSEY CHARTER SCHOOL

***Brilla New Jersey Charter School
Board of Trustees
Paterson, NJ***

***Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024***

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
BRILLA NEW JERSEY CHARTER SCHOOL
PATERSON, NJ
FOR THE FISCAL YEAR ENDED JUNE 30, 2024***

***Prepared By
Brilla New Jersey Charter School
Finance Department
And
Barre & Company, LLC CPA's***

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INTRODUCTORY SECTION

BRILLA NEW JERSEY CHARTER SCHOOL

190 Oliver Street
Paterson, New Jersey 07505

Dr. Simon Obas
Head of School

Richard Pressler
School Business Administrator/ Board Secretary

December 17, 2024

Honorable President and
Members of the Board of Trustees
Brilla New Jersey Charter School
County of Passaic
Paterson, New Jersey 07505

Dear Board Members:

The Annual Comprehensive Financial Report of the Brilla New Jersey Charter School ("Charter School") for the fiscal year ended June 30, 2024, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the final position and results of operations of the various funds under the auspices of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections as follows:

The comprehensive annual financial report is presented in four sections as follows:

- The Introductory Section includes this transmittal letter, the Charter School's organizational chart and a list of principal officials.
- The Financial Section includes the basic financial statements and schedules, as well as the auditor's report thereon.
- The Statistical Section includes all available unaudited fiscal years of data.
- The Single Audit Section-The Charter School is required to undergo an annual single audit in conformity with the provisions of Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and State Treasury Circular Letter 15-08 OMB. "Single Audit Policy for recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Brilla New Jersey Charter School, Inc. is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No.14. All funds and account groups of the Charter School are included in this report. The Brilla New Jersey Charter School, Inc. Board of Trustees and its school constitute the Charter School's reporting entity.

The Charter School is responsible for providing a thorough and efficient educational system for students in grades -K, 1, and 5. The Charter School completed its first year of operations during the 2023 – 2024 fiscal year with an enrollment of 206, while its average daily enrollment was 203.3. Enrollment was as follows:

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2023-2024	203.3	#DIV/0!

2. ECONOMIC CONDITION AND OUTLOOK:

The Brilla New Jersey Charter School is located in an urban community in Passaic County, which experiences various socio-economic stresses. The school enters its second year with an increased enrollment of 360 students. The strong community reception, both from the local district and districts that are adjacent to the home district of the school, bodes well for a strong outlook.

Initiatives

The Charter School has a comprehensive strategic plan, based on its original charter application, to support its mission and vision and serve as a blueprint for the achievement of its goals. The plan includes objectives such as pupil achievement, staff development and technology in the classroom. The vision and goals grow directly out of the charter.

Major initiatives include:

- Needs assessment and programmatic changes to better meet the emerging needs of its students.
- Conducting and strengthening ongoing programs with key partners for the benefits of the students, families and staff.
- Deepening focus on SEL integration in academic subjects.
- Expanding its facility to accommodate its growing enrollment.
- Maintaining and deepening the current one-on-one laptop initiative, adding software as indicated.
- Continue to raise awareness of the success of the school.
- Building operational and administrative capacity, and cultivating leadership among the staff.

3. INTERNAL ACCOUNTING CONTROLS:

Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The Internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the Charter School is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. The Internal control structure is also subject to periodic evaluation by the Charter School's management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to federal and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

4. BUDGETARY CONTROLS:

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2024.

5. ACCOUNTING SYSTEM AND REPORTS:

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

6. DEBT: None.

7. INVEMENT POLICY:

The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The Charter School has adopted a cash management plan, which requires it to deposit funds in public depositories protected from loss

under the provisions of the Governmental Unit deposit Protection Act (GUDPA). GUDPA was enacted in 2007 to protect governmental units from loss of funds from deposit with a failed banking institution in New Jersey. The law required governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the act.

8. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. OTHER INFORMATION:

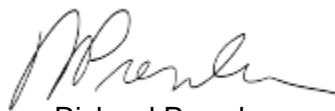
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, LLC Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and State of New Jersey's Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports, related specifically to the single audit, are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS:

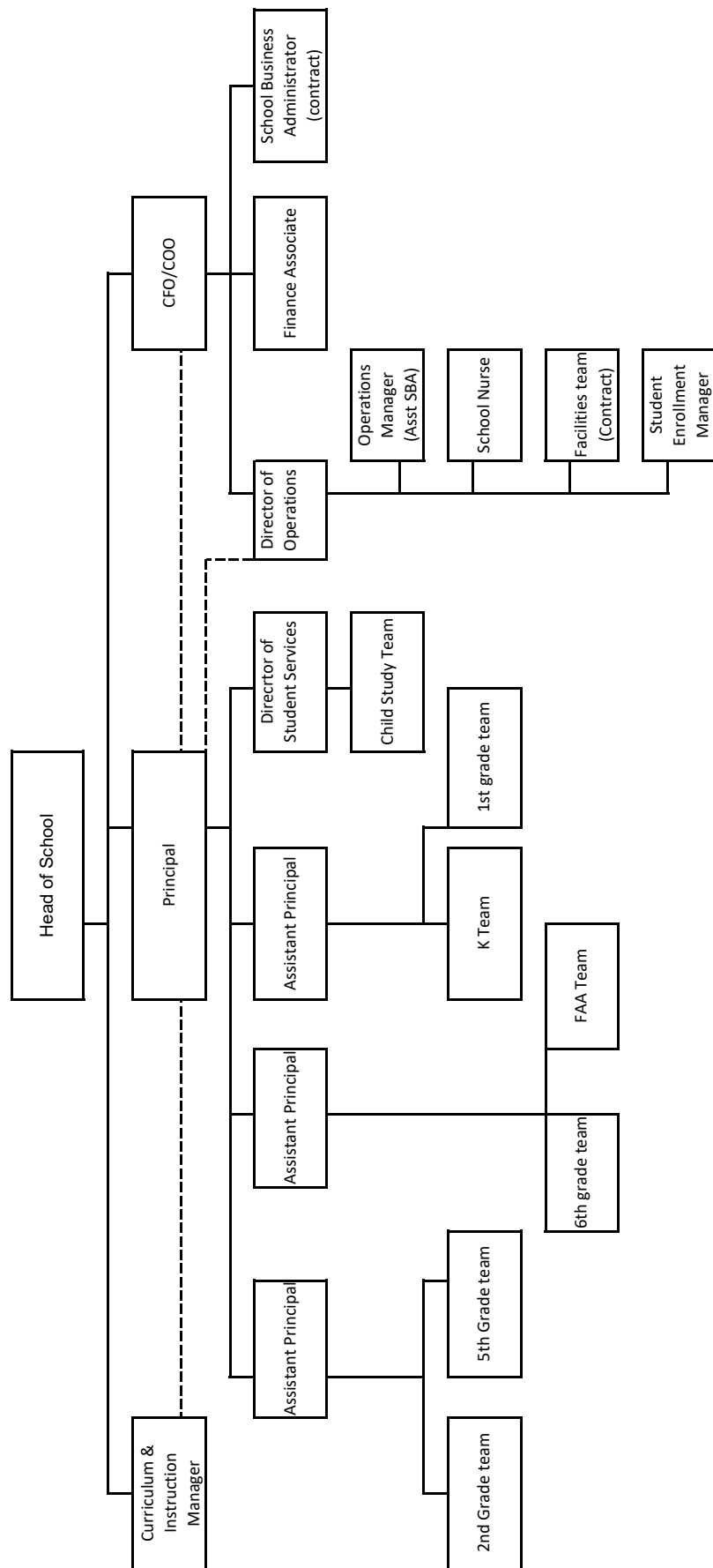
We would like to express our appreciation to the members of the Brilla New Jersey Charter School Board of Trustees for their concern in providing fiscal accountability to the stakeholders of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,

Dr. Simon Obas
Head of School



Richard Pressler
School Business Administrator
Board Secretary



BRILLA NEW JERSEY CHARTER SCHOOL
CONSULTANTS AND ADVISORS

ROSTER OF OFFICIALS
JUNE 30, 2024

MEMBERS OF THE BOARD OF TRUSTEES

TERM EXPIRES

Robert Guarasci, President	2025
Sole Anselmi, Vice President	2025
Martin Vergara, Treasurer	2025
Msgr. Geno Sylva, Trustee	2025
Sailys Cabral, Trustee	2025
Sheila Mulcahy, Trustee	2025
John Lutz, Trustee	2025

MEMBERS OF THE BOARD OF TRUSTEES

Kelly O'Brien, Principal

Rick Pressler, Board Secretary/Business Administrator

Jolleen Wagner, Ex Officio Representative Seton Education Partners

BRILLA NEW JERSEY CHARTER SCHOOL

CONSULTANTS AND ADVISORS

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Certified Public Accountants & Consultants
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Official Depository

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Paterson, NJ, 07505

Insurance Agent

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Educational Services Provider

Seton Education Partners
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FINANCIAL SECTION

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Independent Auditor's Report

Honorable President and
Members of the Board of Trustees
Brilla New Jersey Charter School
County of Passaic
Paterson, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Brilla New Jersey Charter School ("Charter School"), in the county of Shanelle County, State of New Jersey, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Brilla New Jersey Charter School, in the county of Shanelle County, State of New Jersey, as of June 30, 2024, and the respective changes in the financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 the Brilla New Jersey Charter School 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 opinions.

Responsibilities of Management for the Financial Statements

The Charter School's 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.

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 the Brilla New Jersey Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 and Government Auditing Standards, 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 New Jersey Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brilla New Jersey Charter School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, following this report, and pension and post-employment benefit schedule in Exhibits L-1 through L-3, M-1, and the related notes be presented to supplement the basic financial statements and budgetary comparison information in Exhibits C-1 through C-3. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brilla New Jersey Charter School's basic financial statements. The combining and related major fund supporting statements and schedules are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of New Jersey's Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, are also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and related major fund supporting statements and schedule and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Other Information(Continued)


In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated December 17, 2024 on our consideration of the Brilla New Jersey Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Brilla New Jersey Charter School's 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 the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
December 17, 2024

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**BRILLA NEW JERSEY CHARTER SCHOOL
PATERSON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024
UNAUDITED**

The discussion and analysis of Brilla New Jersey Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

District-Wide Financial Statement of Activities: General and Program Revenue

	<u>Amount</u>	<u>%</u>
General Revenues	\$6,495,755	99%
Program Specific	\$77,570	1%
Total Revenues	\$6,573,325	100%

District-Wide Financial Statement of Activities: Revenues and Expenses

	<u>Amount</u>
Charter School Expenses	\$6,249,264
Program Specific	\$77,570
General Revenues	\$6,495,755

Governmental Funds: General Fund

	<u>Amount</u>
General Fund Revenues	\$7,004,055
General Fund Expenditures	\$6,682,369
Increase in Fund Balance	321,686

- ❖ Program specific revenues are in the form of charges for services and operating grants and contributions.
- ❖ Some of the Charter School expenses were offset by program specific charges for services, grants or contributions. General revenues were adequate to provide for these programs.
- ❖ The General Fund's fund balance increased which was anticipated by the Board of Trustees.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Brilla New Jersey Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**BRILLA NEW JERSEY CHARTER SCHOOL
PATERSON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024
UNAUDITED**

(CONTINUED)

Using this Annual Comprehensive Financial Report (ACFR) (Continued)

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds. In the case of Brilla New Jersey Charter School, the General Fund is by far the most significant fund.

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2024?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in that position. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the Charter School is divided into two kinds of activities:

- ❖ Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- ❖ Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund and Special Revenue Fund.

**BRILLA NEW JERSEY CHARTER SCHOOL
PATERSON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024
UNAUDITED
(CONTINUED)**

Governmental Funds

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 32 of this report.

The Charter School as a Whole

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined Net Position is as follows:

	<u>2024</u>
Combined Net Position	\$324,061

**BRILLA NEW JERSEY CHARTER SCHOOL
PATERSON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024
UNAUDITED
(CONTINUED)**

Governmental Activities

	<u>2024</u>	<u>% of total expenses</u>
Total Revenues	\$6,573,325	
State Reimbursed TPAF Social Security	\$77,570	
Total Cost of All Programs and Services	\$6,249,264	
Instruction Expenses	\$2,625,632	42%

The Charter School's total revenues includes state reimbursed TPAF social security contributions.

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

The Charter School's Funds

	<u>2024</u>	<u>2023</u>
Total Revenues	\$8,192,901	\$0
Total Expenditures	\$7,871,215	\$0
Increase in Fund Bal	\$321,686	

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. The net change in fund balance was most significant in the general fund.

**BRILLA NEW JERSEY CHARTER SCHOOL
PATERSON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2024, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2023	Percent of Increase/ (Decrease)
Local Sources	\$ 2,462,137	30.05%	\$ 2,462,137	0.00%
State Sources	2,922,342	35.67%	2,922,342	0.00%
Federal Sources	1,188,846	14.51%	1,188,846	0.00%
Other Financing Sources	1,619,576	19.77%	1,619,576	
Total	<u>\$ 8,192,901</u>	<u>100.00%</u>	<u>\$ 8,192,901</u>	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2024, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2023	Percent of Increase/ (Decrease)
Instruction	\$ 2,272,075	28.86%	\$ 2,272,075	0.00%
Administration	1,969,322	25.02%	1,969,322	0.00%
Support Services	2,010,242	25.54%	2,010,242	0.00%
Capital Outlay	1,619,576	20.58%	1,619,576	100.00%
Total	<u>\$ 7,871,215</u>	<u>100.00%</u>	<u>\$ 7,871,215</u>	

**BRILLA NEW JERSEY CHARTER SCHOOL
PATERSON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024
UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights

The Charter School's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

Capital Assets (Net of Accumulated) and Debt Administration

	<u>2024</u>
Buildings & Building Improvements	\$0

The school has no debt for the current fiscal year.

For the Future

The Brilla New Jersey Charter School is in stable financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

In conclusion, Brilla New Jersey Charter School has committed itself to financial stability for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the Charter School's Financial Management

This financial report is designed to provide our stakeholders with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Richard Pressler, School Business Administrator at Brilla New Jersey Charter School, 190 Oliver Street, Paterson 190 Oliver Street, NJ 07505 Paterson NJ 07505.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.

BRILLA NEW JERSEY CHARTER SCHOOL

Statement of Net Position

June 30, 2024

(Initial Year)

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 298,850	\$ -	\$ 298,850
Account Receivables	663,716		663,716
Restricted Assets:			
Right of Use Asset, Net of Amortization	1,248,716		1,248,716
Capital Assets, Net			-
Total Assets	2,211,282	-	2,211,282
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	-		-
Total Deferred Outflows of Resources	-	-	-
LIABILITIES:			
Payable to State Government	100,329		100,329
Accounts Payable	540,551		540,551
Noncurrent Liabilities:			
Due Within One Year	239,736		239,736
Due Beyond One Year:			
Other Long Term Liabilities	1,006,605		1,006,605
Total Liabilities	1,887,221	-	1,887,221
DEFERRED INFLOWS OF RESOURCES:			
Pensions	-		-
Total Deferred Inflows of Resources	-	-	-
NET POSITION:			
Unassigned	324,061		324,061
Total Net Position	\$ 324,061	\$ -	\$ 324,061

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

BRILLA NEW JERSEY CHARTER SCHOOL
Statement of Activities
For The Fiscal Year Ended June 30, 2024
(Initial Year)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 2,272,075	\$ 353,557	\$ -	\$ -	\$ -	\$ (2,625,632)	\$ -	\$ (2,625,632)
Administration	1,528,314	208,833		77,570		(1,659,577)		(1,659,577)
Support Services	1,343,886	79,974				(1,423,860)		(1,423,860)
Interest on Long Term Debt	91,765					(91,765)		(91,765)
Unallocated Depreciation and Amortization	370,860					(370,860)		(370,860)
Total Governmental Activities	5,606,900	\$ 642,364	-	77,570	-	(6,171,694)	-	(6,171,694)
BUSINESS-TYPE ACTIVITIES:								
Food Service	-		-	-	-	-	-	-
Total Business-Type Activities	\$ 5,606,900		\$ -	\$ 77,570	\$ -	\$ (6,171,694)	\$ -	\$ (6,171,694)
Total Primary Government								
GENERAL REVENUES								
General Purposes						\$ 406,258	\$ -	\$ 406,258
Federal and State Aid Not Restricted						4,033,618		4,033,618
Miscellaneous Income						2,055,879		2,055,879
Total General Revenues						6,495,755	-	6,495,755
Change in Net Position						324,061	-	324,061
Net Position - Beginning of Year						-	-	-
Net Position - Ending						\$ 324,061	\$ -	\$ 324,061

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

SECTION B – FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

GOVERNMENTAL FUNDS

BRILLA NEW JERSEY CHARTER SCHOOL
 Governmental Funds
 Balance Sheet
 June 30, 2024

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 298,850	\$ -	\$ 298,850
Receivables:			
Interfund Receivables	362,261	-	362,261
Receivables From Other Governments	131,395	532,321	663,716
Total Current Assets	792,506	532,321	1,324,827
Total Assets	<u>\$ 792,506</u>	<u>\$ 532,321</u>	<u>\$ 1,324,827</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 362,261	\$ 362,261
Payable to State Government	100,329		100,329
Accounts Payable	370,491	170,060	540,551
Total Current Liabilities	470,820	532,321	1,003,141
Total Liabilities	470,820	532,321	1,003,141
Fund Balances:			
Unassigned:			
General Fund	321,686	-	321,686
Total Fund Balances	321,686	-	321,686
Total Liabilities and Fund Balances	<u>\$ 792,506</u>	<u>\$ 532,321</u>	
Right of use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds			
The cost of the assets is \$1,619,576 and the accumulated depreciation is \$370,860.			1,248,716
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds			
Long-term debt included as net position from lease liabilities			(1,246,341)
Net Position of Governmental Activities			<u>\$ 324,061</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

BRILLA NEW JERSEY CHARTER SCHOOL
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024
(Initial Year)

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 406,258	\$ -	\$ 406,258
Contributions/Donations	857,939		857,939
Miscellaneous	1,197,940		1,197,940
Total Local Sources	2,462,137	-	2,462,137
Intermediate Sources			
State Sources	2,922,342		2,922,342
Federal Sources		1,188,846	1,188,846
Total Revenues	5,384,479	1,188,846	6,573,325
EXPENDITURES:			
Current:			
Instruction	1,800,830	471,245	2,272,075
Administration	1,969,322		1,969,322
Support Services	1,292,641	717,601	2,010,242
Capital Outlay	1,619,576		1,619,576
Total Expenditures	6,682,369	1,188,846	7,871,215
Excess (Deficiency) of Revenues over Expenditures	(1,297,890)	-	(1,297,890)
OTHER FINANCING SOURCES (USES):			
Lease Proceeds	1,619,576		1,619,576
Total Other Financing Sources and Uses	1,619,576	-	1,619,576
NET CHANGE IN FUND BALANCES	321,686	-	321,686
FUND BALANCES, JULY 1	-	-	-
FUND BALANCES, JUNE 30	\$ 321,686	\$ -	\$ 321,686

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

BRILLA NEW JERSEY CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended June 30, 2024
(Initial Year)

Total net change in fund balances - governmental funds (from B-2)	\$	321,686
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation Expense	\$	-	
Amortization Expense		(370,860)	
Capital Outlay		<u>1,619,576</u>	1,248,716

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

New long-term debt issued		(1,619,576)	
Principal payment on long-term debt		373,235	

Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.

Change in net position of governmental activities	\$	<u>324,061</u>
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PROPRIETARY FUNDS

***FIDUCIARY FUNDS
(NOT APPLICABLE)***

NOTES TO THE FINANCIAL STATEMENTS

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The financial statements of Brilla New Jersey Charter School have been prepared in conformity with generally accepted accounting principles generally (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body responsible for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Charter School are described below.

2. Reporting Entity

The Charter School is a non-profit corporation organized under the laws of the State of New Jersey, established in 2002 to operate and maintained a public school under a charter granted by the State of New Jersey. The Charter School Board of Trustees consists of seven members and must comply with the Charter School Program Act of 1995 and regulations promulgated thereunder.

In evaluating how to define the Charter School for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, as amended, Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Charter School District has no component units.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basic Financial Statements – Government-Wide Statements

The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the Charter School. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Charter School.

4. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Charter School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Charter School:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Charter School.

General Fund – The general fund is the general operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund. Debt service is budgeted in the General Fund.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

As required by the New Jersey State Department of Education, the Charter School includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, local property taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Proprietary Fund Type - The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the Charter School:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Charter School has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and use it consistently from period to period. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities normally would not be reported as components of operating income.

The Charter School's Enterprise Fund are comprised of the Food Service Fund operations.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Charter School enterprise funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

Trust Funds – The unemployment compensation fund is used to account for contributions from the Charter School and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, the State of New Jersey requires charter schools to include the unemployment compensation trust as a private-purpose trust fund. The principal and income deposited into this fund are for the sole benefit of the specific individuals or former employees. The management of the Charter School is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey.

Agency Funds (Payroll, Payroll Agency, Student Activity and Athletic Funds): The agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 – Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local government, including New Jersey school districts and their charter schools. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. After considering the criteria and guidance, it was determined that Payroll, Payroll Agency, and Unemployment Compensation Insurance (Fund 60) are more appropriately reported in a general fund (Fund 10). Additionally, Student Activity (Fund 90) is more appropriately reported in a special revenue fund (Fund 20).

5. Measurement Focus and Basis of Accounting

The government-wide proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Charter School gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, grants, entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The Charter School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

6. Budgets/Budgetary Control

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Budgets/Budgetary Control (Continued)

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

	<u>2024</u>
Total Revenues & Expenditures (Budgetary Basis)	\$ 1,188,846
Adjustments:	
Less Encumbrances at June 30, 2024	-
Plus Encumbrances at June 30, 2023	<u>-</u>
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 1,188,846</u>

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

7. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the Charter School has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity)

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey charter schools are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey charter schools.

Additionally, the Charter School had adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

2. Short-term Interfund Receivables/Payables

Short-term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

3. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at acquisition cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and building improvements	20-50 years
Machinery and Equipment	5-10 years
Land and Land Improvements	10-20 years

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

5. Fund Equity

Restricted represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Assigned fund balances represent plans for future use of financial resources.

6. Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2024. The Charter School had no prepaid expenses for the fiscal year ended June 30, 2024.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (non-allocation method). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

7. Right of Use Assets

The Charter School has recorded right of use lease assets as a result of implementing GASB 87. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease.

8. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Charter School is eligible to realize the revenue.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

10. Net Position/Fund Balance

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* defines net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

In the Government-Wide Statements, there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included.

Restricted Net Position – reports net position when constraints placed on the residual amount of noncapital assets are either imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – any portion of net position not already classified as either net investment in capital assets or net position-restricted.

10. Fund Balance Reserves

In the fund financial statements, governmental funds report the following classifications of fund balance:

Unassigned – Includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The Charter School reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unassigned fund balance is available, the Charter School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, and the Charter School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflow/Inflows of Resources, Net Position and Fund Equity (Continued)

11. Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place. As of June 30, 2024 the Charter School reported no compensated absence liability.

12. Impact of Recently Issued Accounting Principles

The GASB has adopted the following as of June 30, 2025

GASB No. 101, Compensated Absences, is effective with the fiscal year ending June 30, 2024. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Charter School.

13. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net pension of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks of which the deposits are federally insured.

All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

As of June 30, 2024, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Total
Operating Account	\$ 298,850	\$ -	\$ 298,850

The carrying amount of the Board's cash and cash equivalents at June 30, 2024 was \$298,850 and the bank balance was \$871,469. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Charter School's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Charter School would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

As of June 30, 2024, none of the cash and cash equivalents for Brilla New Jersey Charter School were exposed to custodial credit risk.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES (CONTINUED)

Deposits and Investments (Continued)

Deposits (Continued)

The Charter School does not have a policy for the management of custodial credit risk, except as noted above, other than depositing all of its funds in banks covered by GUDPA.

Investments

New Jersey statutes (N.J.S.A.18A:20-37) permit the Charter School to purchase the following types of securities:

- a. When authorized by resolution adopted by a majority vote of all its board members, the Charter School may use moneys which may be in hand for the purchase of the following types of securities, which, if suitable for registry, may be registered in the name of the Charter School;
 - (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - (2) Government money market mutual funds;
 - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest no dependent on any index or other external factor;
 - (4) Bonds or other obligations of the charter school or bonds or other obligations of local unit or units within which the charter school is located;
 - (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by charter schools;
 - (6) Local government investment pools;
 - (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
 - (8) Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES (CONTINUED)

Investments (Continued)

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2024.

Interest Rate Risk: The Charter School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2024.

Concentration of Credit Risk: The Charter School places no limit on the amount they may invest in any one issuer. The Charter School did not have any investments at June 30, 2024.

Receivables

Receivables at June 30, 2024, consisted of accounts, intergovernmental, grants, and miscellaneous. All receivables are considered collectible in full. Accounts receivable as of the fiscal year end of the Charter School's individual major and fiduciary funds, in the aggregate, are as follows:

	Governmental Funds			Proprietary Fund		
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Total Business Type Activities	Total
State Awards	\$ 131,395	\$ -	\$ 131,395	\$ -	\$ -	\$ 131,395
Federal Awards	-	532,321	532,321	-	-	532,321
Gross Receivables	131,395	532,321	663,716	-	-	663,716
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Total Receivables, Net	\$ 131,395	\$ 532,321	\$ 663,716	\$ -	\$ -	\$ 663,716

A. Interfund Receivables and Payables

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2024:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 362,261	\$ -
Special Revenue Fund		362,261
Proprietary Fund		
Total	\$ 362,261	\$ 362,261

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3: LEASES

Right of use Lease Assets

The Charter School has recorded one right of use leased asset. The asset is right of use assets for leased equipment and leased school facility. The related lease is discussed in the Leases subsection of the Liabilities section of this note. The right of use lease assets are amortized on a straight-line basis over the terms of the related leases. Right of use asset activity for the Primary Government for the year ended June 30, 2024, was as follows:

Leased Assets	Beginning Balance	Additions	Deductions	Ending Balance
Leased Assets Being Amortized				
Leased - Real Estate Expense	0	1,619,576	0	1,619,576
Total Leased Assets Being Amortized	0	1,619,576	0	1,619,576
Less: Accumulated Amortization				
Leased - Real Estate Expense	0	(370,860)	0	(370,860)
Total Accumulated Amortization	0	(370,860)	0	(370,860)
Total, Net of Accumulated Amortization	0	1,248,716	0	1,248,716

NOTE 4: LONG-TERM OBLIGATIONS

A. LEASES

On April 26, 2024, a lease was entered into between Seton Education Partners, a Wyoming non-profit corporation having an office at 441 E 148th Street, Bronx, NY 10454 and Brilla New Jersey Charter School. The lease was entered with a term from the July 1, 2023 date through June 30, 2027, unless sooner terminated as provided by the lease, and which an option renew upon each renewal or extension of the school charter up to an outside termination date of June 30, 2052.

There are no equipment leases.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

Maturity Analysis	Principal	Interest	Total
07/01/2024 - 06/30/2025	239,737	72,263	312,000
07/01/2025 - 06/30/2026	438,631	49,869	488,500
07/01/2026 - 06/30/2027	567,973	17,027	585,000
07/01/2027 - 06/30/2028			0
Total	1,246,341	139,159	1,385,500
Lease Liability	1,246,341		

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4: LONG-TERM OBLIGATIONS (CONTINUED)

Long-Term Debt Rollforward

	Balance July 01, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
<i>Governmental Activities:</i>					
Lease Liability	\$ -	\$ 1,246,341	\$ -	\$ 1,246,341	\$ 239,736
Net Pension Liability	\$ -	\$ -	\$ -	\$ -	-
Total	\$ -	\$ 1,246,341	\$ -	\$ 1,246,341	\$ 239,736

NOTE 5: PENSION PLANS

Substantially all the Board's employees participate in one of the two contributory, defined benefit public employee systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. In addition, certain employees may participate in the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

Tier	Descriptions
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Benefits Provided (Continued)

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratios of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2022 through June 30, 2023. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Allocation Methodology and Reconciliation to Financial Statements (Continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group as of June 30, 2024 in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2023 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2024.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The state's pension contributions is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2023, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment amounts certified for payments due not be included in their unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liabilities Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the Charter School did not report a liability for its proportionate share of the net pension liability.

For the fiscal year ended June 30, 2024, the Charter School recognized no pension expense. At June 30, 2024, the Charter School reported no deferred outflows of resources and deferred related to pensions from the following sources.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2023.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Assets	3.00%	8.40%
Real Estate	8.00%	8.58%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2023 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement Date June 30, 2023			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School proportionate share of the Net Pension Liability	\$ -	\$ -	\$ -

Measurement Date June 30, 2022			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School proportionate share of the Net Pension Liability	\$ -	\$ -	\$ -

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefit Provided

The vesting and benefit provision are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested of 2% of related interest earned on the contributions. In the case of death before retirement, member's beneficiaries are entitled to full interest credited to the member's accounts. The following represents the membership tiers for TPAF:

Tier	Descriptions
1	M Members who were enrolled prior to July 1, 2007
2	M Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	M Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	M Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	M Members who were eligible to enroll on or after June 28, 2011

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Benefit Provided (Continued)

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective Tier. Deferred retirements is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2023 measurement date.

Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contributions policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2023 measurement date, the State's pension contribution was less than the actuarial determined amount.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Special Funding Situation

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contribution was less than the actuarial determined amount.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2024, the State of New Jersey contribution to the TPAF for normal pension benefits on behalf of the Charter School is less than the contractually required contribution of \$0.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As June 30, 2023, The Charter School's share of the net pension liability associated with the Charter School was \$0 as of June 30, 2022.

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the Charter School and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 1,278,925,078	\$ 14,657,999,241
Difference Between Expected and Actual Experience	658,340,412	83,374,071
Changes in Proportion and differences between employer contributions and proportionate share of contributions	88,832,162	88,832,161
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	476,283,186	-
	\$ 2,502,380,838	\$ 14,830,205,473

Deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The reported amount of deferred inflow of resources is a result of the difference between projected and actual.

Fiscal Year		
Ending June 30,		Total
2025		\$ (3,918,676,894)
2026		(3,446,016,070)
2027		(1,604,289,401)
2028		(1,742,641,843)
2029		(1,672,806,952)
Thereafter		56,606,524
		<u>\$ (12,327,824,636)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate		
Price		2.75%
Wages		3.25%
Salary Increases:		
		2.75 - 4.25%
		based on years of service
Investment Rate of Return		7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (continued)

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2023.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expecting inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2023 measurement date is summarized in the following table:

			Long-Term
			Expected Real
		Target	Rate of
Asset Class		Allocation	Return
U.S. Equity		28.00%	8.98%
Non-U.S. Developed Markets Equity		12.75%	9.22%
International Small Cap Equity		1.25%	9.22%
Emerging Markets Equity		5.50%	11.13%
Private Equity		13.00%	12.50%
Real Assets		3.00%	8.40%
Real Estate		8.00%	8.58%
High Yield		4.50%	6.97%
Private Credit		8.00%	9.20%
Investment Grade Credit		7.00%	5.19%
Cash Equivalents		2.00%	3.31%
U.S. Treasuries		4.00%	3.31%
Risk Mitigation Strategies		3.00%	6.21%

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position – TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2024. There were no employee contributions to DCRP for the fiscal year ended June 30, 2024.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

The school is in a “special funding situation”, as described in GASB Statement No. 75 in that OPEB contributions and expense are legally required to be made by and are the sole responsibility of the State of New Jersey.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011 , future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Employees covered by benefit terms:

At the OPEB Plan's measurement date June 30, 2023, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted for the following members:

Active plan member							217,212
Inactive plan members or beneficiaries currently receiving benefits							152,383
Inactive plan members entitled to but not yet receiving benefit payments							-
Total							369,595

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (continued)

Plan Description and Benefits Provided (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%			
		TPAF/ABP	PERS	PFRS
Salary Increases				
Through 2026		2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%
		based on service	based on service	based on service
		years	years	years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2023. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2023. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2023.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies for the periods July 1, 2018- June 30, 2021, July 1, 2014 - June 30, 2018, and July 1, 2013- June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50 in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (continued)

Discount rate

The discount rate for the June 30, 2023 measurement date was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

The State's proportionate share of the change in the total non-employer OPEB liability associated with the Charter School for the fiscal year ending June 20, 2024 is \$0.

NOTE 7: RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Charter School is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium (the Consortium). The Consortium is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school districts in order to keep local property taxes at a minimum.

The Charter School pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The Charter School continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

**BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Charter School expects such amount, if any, to be immaterial.

NOTE 9: CONCENTRATIONS

The Charter School depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Charter School is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

NOTE 10: DETAILED DISCLOSURE REGARDING FUND EQUITY

General Fund

The General Fund balance at June 30, 2024 is \$321,686 of which \$321,686 is unassigned.

NOTE 11: SUBSEQUENT EVENTS

Subsequent events were evaluated through December 17, 2024, the date the financial statements were available to be issued. There were no subsequent event except the following. Brilla New Jersey Charter School is in the process of changing its name to Paterson Prep Charter School.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

BRILLA NEW JERSEY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024
(Initial Year)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Equalization Aid-Local	\$ 406,258	\$ -	\$ 406,258	\$ 406,258	\$ -
Total Local Sources	406,258	-	406,258	406,258	-
State Sources:					
Categorical Aid:					
Equalization Aid-State	2,742,203		2,742,203	2,742,203	-
Security Aid	102,569		102,569	102,569	-
Total Categorical Aid	2,844,772	-	2,844,772	2,844,772	-
Revenues From Other Sources:					
Reimbursed TPAF Social Security				77,570	77,570
Contributions/Donations	1,000,000		1,000,000	857,939	(142,061)
Miscellaneous Revenue				1,197,940	1,197,940
Total Revenues From Other Sources	1,000,000	-	1,000,000	2,133,449	1,133,449
Total Revenues	4,251,030	-	4,251,030	5,384,479	1,133,449
EXPENDITURES:					
Instruction:					
Kindergarten: Salaries of Teachers	592,891	(67,600)	525,291	525,291	-
Grades 1-5: Salaries of Teachers	337,601	(122,462)	215,139	215,139	-
Other Salaries for Instruction	308,337	47,297	355,634	355,634	-
Purchased Prof/Tech Services		238,696	238,696	238,696	-
Other Purchased Services	20,000	(801)	19,199	19,199	-
General Supplies	448,371	(9,061)	439,310	439,310	-
Miscellaneous	47,500	(39,939)	7,561	7,561	-
Total Instruction	1,754,700	46,130	1,800,830	1,800,830	-
Administration:					
Salaries - General Administration	514,423	(113,026)	401,397	401,397	-
Salaries - Technical	205,340	40,720	246,060	246,060	-
Total Benefits Cost	464,496	100,523	565,019	564,794	225

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

BRILLA NEW JERSEY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024
(Initial Year)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Purchases Prof/Tech Services	172,150	1,234	173,384	155,298	18,086
Other Purchased Services	285,918	(16,181)	269,737	252,880	16,857
Communications/Telephone	69,450		69,450	23,192	46,258
Supplies and Materials	259,490	(18,814)	240,676	240,539	137
Miscellaneous Expenses	61,720	(38,344)	23,376	7,592	15,784
Total Administration	2,032,987	(43,888)	1,989,099	1,891,752	97,347
Support Services:					
Salaries	72,156	7,459	79,615	68,639	10,976
Salaries - Improvement of Instruction	135,531	27,412	162,943	159,095	3,848
Salaries - Custodial	20,000	178	20,178	20,177	1
Purchased Prof/Tech Services	23,547	13,396	36,943	36,943	-
Cleaning, Repair, and Maintenance Services	198,590	61,222	259,812	259,812	-
Rental of Land and Buildings	470,000		470,000		470,000
Debt Service: Principal and Interest				465,000	(465,000)
Other Purchased Services	61,200	1,000	62,200	61,665	535
Transportation-Other Than To/From School	11,500	(9,375)	2,125	2,125	-
Supplies and Materials	178,704	(6,438)	172,266	165,670	6,596
Energy Costs (Heat and Electricity)	50,000		50,000	33,052	16,948
Miscellaneous Expenses	22,796	(996)	21,800	20,463	1,337
Total Support Services	1,244,024	93,858	1,337,882	1,292,641	45,241
Capital Outlay:					
Lease Purchase Agreements-Principal			-	1,619,576	(1,619,576)
Total Capital Outlay	-	-	-	1,619,576	(1,619,576)
Reimbursed TPAF Social Security (Non-Budgeted)				77,570	(77,570)
Total Expenditures	5,031,711	96,100	5,127,811	6,682,369	(1,476,988)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(780,681)	(96,100)	(876,781)	(1,297,890)	(421,109)
Other Financing Sources (Uses)					
Lease Liabilities Issued			-	1,619,576	(1,619,576)
Total Other Financing Sources (Uses)	-	-	-	1,619,576	(1,619,576)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(780,681)	(96,100)	(876,781)	321,686	(2,040,685)
FUND BALANCE, JULY 1	-	-	-	-	-
FUND BALANCE, JUNE 30	\$ (780,681)	\$ (96,100)	\$ (876,781)	\$ 321,686	\$ (2,040,685)
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance	\$ (780,681)	\$ (96,100)	(876,781)	\$ 321,686	\$ 1,198,467
Total	\$ (780,681)	\$ (96,100)	\$ (876,781)	\$ 321,686	\$ 1,198,467

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

BRILLA NEW JERSEY CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024
(Initial Year)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 1,511,231	\$ -	\$ 1,511,231	\$ 1,188,846	\$ (322,385)
Total Revenues	1,511,231	-	1,511,231	1,188,846	(322,385)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	43,081		43,081	43,081	-
Purchased Prof/Tech Services	344,276		344,276	159,167	185,109
General Supplies	293,019		293,019	268,997	24,022
Total Instruction	680,376	-	680,376	471,245	209,131
Support Services:					
Salaries of Supervisors of Instruction	20,000		20,000	15,001	4,999
Salaries of Other Professional Staff	217,500	(48,992)	168,508	168,508	-
Salaries of Secretarial and Clerical Assistants	145,000		145,000	75,636	69,364
Personal Services - Employee Benefits	27,420		27,420		27,420
Purchased Prof/Ed Services	74,123		74,123	42,562	31,561
Other Purchased Professional Services	428,893	43,992	472,885	382,450	90,435
Supplies and Materials	101,500	(15,000)	86,500	33,444	53,056
Total Support Services	1,014,436	(20,000)	994,436	717,601	276,835
Total Expenditures	1,694,812	(20,000)	1,674,812	1,188,846	485,966
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (183,581)	\$ 20,000	\$ (163,581)	\$ -	\$ (163,581)

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

BRILLA NEW JERSEY CHARTER SCHOOL
 Budgetary Comparison Schedule
 Budget-To-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2024
 (Initial Year)

Note A - Explanation of differences between Budgetary Inflows and
 GAAP Revenues and Expenditures

	General Fund		Special Revenue Fund
Sources/Inflows of Resources			
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 5,384,479	[C-2]	1,188,846
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			-
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ 5,384,479	[B-2]	\$ 1,188,846
 Uses/Outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 6,682,369	[C-2]	1,188,846
 Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.			-
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 6,682,369	[B-2]	\$ 1,188,846

REQUIRED SUPPLEMENTARY INFORMATION – PART III

***SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
PENSIONS (GASB 68)***

BRILLA NEW JERSEY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST ONE FISCAL YEAR
UNAUDITED
(Initial Year)

	Fiscal Year Ending June 30,
	2024
Charter School's proportion of the net pension liability	N/A
Charter School's proportionate share of the net pension liability	N/A
Charter School's covered payroll (plan measurement period)	N/A
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A

BRILLA NEW JERSEY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST ONE FISCAL YEAR
UNAUDITED
(Initial Year)

	<u>Fiscal Year Ending June 30,</u> <u>2024</u>
Contractually required contribution	N/A
Contributions in relation to the contractually required contribution	N/A
Contribution deficiency/(excess)	<u>\$ -</u>
Charter School's covered payroll (fiscal year)	N/A
Contributions as a percentage of covered payroll	N/A

BRILLA NEW JERSEY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER'S PENSION AND ANNUITY FUND
LAST ONE FISCAL YEAR
UNAUDITED
(Initial Year)

	Fiscal Year Ending June 30, <u>2024</u>
State's proportion of the net pension liability attributable of the Charter School	N/A
State's proportionate share of the net pension liability attributable to the Charter School	N/A
Charter School's covered payroll (plan measurement period)	N/A
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A

***SCHEDULE M - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS***

Brillia New Jersey Charter School
Required Supplementary Information Schedules
Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios
Last One Fiscal Year
(Unaudited)
(Initial Year)

	Measurement Date June 30, 2024
Total Non-Employer OPEB Liability- States's Proportionate Share of the Total OPEB Liability Associated with the Charter School	
OPEB Liability at Beginning of Measurement Period	
Service cost	
Interest on Total OPEB Liability	
Effect on Changes of Benefit Terms	N/A
Difference between expected and actual experience	
Effect of Changes of Assumptions	
Contributions - Employee	
Gross Benefits Paid by the State	
Net Change in Total OPEB Liability	-
OPEB Liability at Beginning of Measurement Period	N/A
Total OPEB Liability at End of Measurement Period	N/A

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Differences Between Expected and Actual Experiences: The \$980,424,863 decrease in the liability from June 30, 2022 to June 30, 2023 is due the combined effect of the following:

Update in census information	\$ (303,903,385)
Premium and Claims Experience	(676,521,478)
Total	<u>\$ (980,424,863)</u>

Changes in Assumptions:

The \$105,539,463 decrease in the liability from June 30, 2022 to June 30, 2023 is due to the combined effect of the following:

Trend Update	\$ 1,002,445,292
Experience Study Update	
Discount Rate Change	<u>\$ (896,905,829)</u>
Total Changes in Assumption	<u>\$ 105,539,463</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2024

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate remained unchanged at 7.00% as of **June 30, 2022** and as of **June 30, 2023** in accordance with Paragraph 44 of GASB Statement No. 67.

BRILLA NEW JERSEY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2024

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 7.00% as of June 30, 2022 to 7.00% as of June 30, 2023 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

**SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

FOUNDATION ACADEMY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis

For the Fiscal Year Ended June 30, 2024

(Initial Year)

	Title I	IDEA Part B	CSP Grant	Total
Revenues:				
Federal Sources	\$ 150,248	\$ 27,562	\$ 1,011,036	\$ 1,188,846
Total Revenues	<u>\$ 150,248</u>	<u>\$ 27,562</u>	<u>\$ 1,011,036</u>	<u>\$ 1,188,846</u>
Expenditures:				
Instruction:				
Salaries of Teachers	\$ 43,081	\$ -	52,000	\$ 95,081
Purchased Prof/Tech Services	107,167		268,997	107,167
General Supplies				268,997
Total Instruction	<u>150,248</u>	<u>-</u>	<u>320,997</u>	<u>471,245</u>
Support Services:				
Salaries of Supervisors of Instruction			15,001	15,001
Salaries of Other Professional Staff			168,508	168,508
Salaries of Secretarial and Clerical Assistants		27,562	75,636	75,636
Purchased Prof/Ed Services			15,000	42,562
Other Purchased Services			382,450	382,450
Supplies and Materials			33,444	33,444
Total Support Services	<u>-</u>	<u>27,562</u>	<u>690,039</u>	<u>717,601</u>
Total Expenditures	<u>150,248</u>	<u>27,562</u>	<u>1,011,036</u>	<u>1,188,846</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND B-6.

***SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENT
(NOT APPLICABLE)***

SECTION I – LONG-TERM DEBT SCHEDULES
(NOT APPLICABLE)

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

**STATISTICAL SECTION
(UNAUDITED)**

Brilla New Jersey Charter School has been in operation for one (1) year. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for one (1) year is available and has been presented.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the charter school's financial performance and well being have changed over time.

Revenue Capacity (Not Applicable To Charter School)

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive financial reports (ACFR) for the relevant year.*

FINANCIAL TRENDS

BRILLA NEW JERSEY CHARTER SCHOOL

Net Position by Component

Last Fiscal Year

(accrual basis of accounting)

Unaudited

(Initial Year)

	<u>2024</u>
Governmental Activities	
Net Investment in Capital Assets	\$ -
Restricted	
Unrestricted	<u>324,061</u>
Total Governmental Activities Net Assets/ Position	<u><u>\$ 324,061</u></u>
Business-Type Activities	
Unrestricted	<u>\$ -</u>
Total Business-Type Activities Net Assets/Position	<u><u>\$ -</u></u>
Charter School-Wide	
Net Investment in Capital Assets/	
Invested in capital assets, net of related debt	\$ -
Restricted	-
Unrestricted	<u>324,061</u>
Total Charter School Net Position	<u><u>\$ 324,061</u></u>

Source: Annual Comprehensive Financial Report

BRILLA NEW JERSEY CHARTER SCHOOL

Changes in Net Position
 Last Fiscal Year
(accrual basis of accounting)
 Unaudited
 (Initial Year)

	<u>2024</u>
Expenses	
Governmental Activities:	
Instruction	\$ 2,625,632
Administration	1,828,912
Support Services	1,423,860
Capital Outlay	
Unallocated Depreciation and Amortization	370,860
Total Governmental Activities Expenses	<u>6,249,264</u>
Business-Type Activities:	
Food Service	0
Total Business-Type Activities Expenses	<u>-</u>
Total Charter School Expenses	<u><u>\$ 6,249,264</u></u>
Program Revenues	
Governmental Activities:	
Operating Grants and Contributions	\$ 77,570
Total Governmental Activities Expenses	<u>77,570</u>
Business-Type Activities:	
Charges for Services	-
Operating Grants and Contributions	-
Total Business-Type Activities Expenses	<u>-</u>
Total Charter School Program Revenue	<u><u>\$ 77,570</u></u>
Net (Expense)/Revenue	
Governmental Activities	\$ (6,171,694)
Business-Type Activities	-
Total Charter School Net Expense	<u><u>\$ (6,171,694)</u></u>
General Revenues and Other Changes in Net Position	
Governmental Activities:	
General Purposes	\$ 406,258
Federal and State Aid Not Restricted	4,033,618
Investment Earnings	
Miscellaneous Income	2,055,879
Total Governmental Activities	<u>6,495,755</u>
Total Charter School Wide	<u><u>\$ 6,495,755</u></u>
Change in Net Position	
Governmental Activities	\$ 324,061
Business-Type Activities	-
Total Charter School	<u><u>\$ 324,061</u></u>

Source: Annual Comprehensive Financial Report

BRILLA NEW JERSEY CHARTER SCHOOL

Fund Balances - Governmental Funds

Last Fiscal Year

(modified accrual basis of accounting)

Unaudited

(Initial Year)

	<u>2024</u>
General Fund	
Restricted	\$ -
Unassigned	<u>321,686</u>
Total General Fund	<u><u>\$ 321,686</u></u>
All Other Governmental Funds	
Unassigned	-
Special Revenue Fund	<u>\$ -</u>
Total All Other Governmental Funds	<u><u>\$ -</u></u>

Source: Annual Comprehensive Financial Report

BRILLA NEW JERSEY CHARTER SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Fiscal Years
(modified accrual basis of accounting)
 Unaudited
 (Initial Year)

	<u>2024</u>
Revenues:	
Local Sources:	2,462,137
Intermediate Sources	-
State Sources	2,922,342
Federal Sources	<u>1,188,846</u>
Total Revenues	<u>6,573,325</u>
Expenditures:	
Instruction	2,272,075
Administration	1,969,322
Support Services	2,010,242
Capital Outlay	1,619,576
Debt Outlay	
Total Expenditures	<u>7,871,215</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,297,890)
Other Financing Uses:	
Transfers In	<u>1,619,576</u>
Total Other Financing Uses	<u>1,619,576</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 321,686</u>

Source: Annual Comprehensive Financial Report

BRILLA NEW JERSEY CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Fiscal Year
(modified accrual basis of accounting)
 Unaudited
 (Initial Year)

Fiscal Year Ending June 30,	Interest	Miscellaneous Revenue	Total
2024	\$ -	\$ 1,197,940	\$ 1,197,940

Source: Charter School records

OPERATING INFORMATION

BRILLA NEW JERSEY CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Fiscal Year
 (Initial Year)

Function	2024
Instruction	18
Administrative	6
Support Services	3
Food Service	0
Total	27.00

BRILLA NEW JERSEY CHARTER SCHOOL

Operating Statistics
Last Fiscal Year
(Initial Year)
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2024	206	\$ 5,062,793	\$ 24,577	0.00%	18	11.45:1	202.3	184.96	0.00%	91.43%

BRILLA NEW JERSEY CHARTER SCHOOL

School Building Information

Last Fiscal Year

(Initial Year)

(Unaudited)

	<u>2024</u>
<u>Charter School Building</u>	
Square Feet	23,784
Capacity (students)	250

Total Enrollment	206.1
------------------	-------

Number of Schools at June 30, 2024

Primary/Intermediate/Middle = 1

High = 1

Source: Charter School Facilities Office

BRILLA NEW JERSEY CHARTER SCHOOL

Insurance Schedule

June 30, 2024

(Initial Year)

	<u>Coverage</u>		
PACKAGE POLICY			
<i>Property Section</i>			
Business Personal Property	\$	400,000	
Utility Services		75,000	
Business Income and Extra Expense		1,000,000	
<i>Crime</i>			
Public Employee Dishonesty	\$	250,000	
Computer and Funds transfer Fraud		250,000	
Forgery or Alteration		250,000	
<i>General Liability</i>			
Each Occurrence	\$	1,000,000	
Sexual Abuse per Occurrence		1,000,000	
Medical Claim per Occurrence		1,000,000	
Personal & Advertising Injury per Occurrence		300,000	
Medical Payments		5,000	
<i>WORKERS COMPENSATION</i>			
Bodily Injury by Accident	\$	1,000,000	each accident
Bodily Injury by Disease		1,000,000	each employee
Bodily Injury by Disease		1,000,000	aggregate limit
<i>STUDENT ACCIDENT INSURANCE (NJSBAIG)</i>			
Accidental Medical Expense	\$	50,000	
Accidental Dismemberment		50,000	
Accidental Paralysis		50,000	
<i>BONDS (Selective)</i>			
Richard Pressler	\$	161,000	

New Jersey Performance Framework Financial Ratios
Brilla New Jersey Charter School
Audited Performance Indicators
(Initial Year)

	2022	2023	2024	Source
Cash	\$ -	\$ -	\$ 298,850	Audit: Exhibit A-1
Current Assets (include cash)	-	-	962,566	Audit: Exhibit A-1
Current Liabilities	-	-	640,880	Audit: Exhibit A-1
Total Expenses	-	-	6,249,264	Audit: Exhibit A-2
Change in Net Position	-	-	324,061	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	-	-	206	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	-	-	206	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation and Amortization Expense	-	-	370,860	Auditor Workpapers
Interest Expense	-	-	91,765	Auditor Workpapers
Principal Payments - Normal	-	-	-	Auditor Workpapers
Principal Payments - Early Loan Payoff	-	-	-	Auditor Workpapers
Interest Payments	-	-	91,765	Auditor Workpapers

Performance Indicators		2022	2023	2024	3 YR CUM	Calculation****	Target****
Near Term Indicators							
1a.	Current Ratio (working capital ratio)	N/A	N/A	1.5		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	Unrestricted days cash on hand	N/A	N/A	17		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	Enrollment Variance	N/A	N/A	100%	#VALUE!	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	Default on loans or delinquent in debt payments	NO	NO	NO		Auditor	not in default
Sustainability Indicators							
2a.***	3 Year Cumulative Cash Flow	0	0	298,850	298,850	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	Debt Service Coverage Ratio	N/A	N/A	N/A		N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

Footnotes:

The interest expense is due to the new GASB 87 Lease accounting and does not reflect interest on debt

* For renaissance schools: use Oct 15 count if no final count; use head count if ADE not available
 ** Is school in default of loan covenant(s) and/or is delinquent with debt service payments? No
 *** 2024 =2024 Cash - 2013 Cash; 2023 =2023 Cash-2022 Cash; 2022 =2022 Cash-2021 Cash
 **** Refer to NJ Performance Framework

Meets Standard

Does Not Meet Standard

Fails Far Below Standard

SINGLE AUDIT SECTION

**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**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Brilla New Jersey Charter School
County of Passaic
Paterson, NJ

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of Brilla New Jersey Charter School (Charter School), in the County of Passaic, State of New Jersey, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements and have issued our report thereon dated December 17, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's 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 determination of financial statement amounts. 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 matter that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
December 17, 2024

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM
GUIDANCE AND NEW JERSEY CIRCULAR 15-08 OMB**

The Honorable President and
Members of the Board of Trustees
Brilla New Jersey Charter School
County of Passaic
Paterson, NJ

Report on Compliance for Each Major State and Federal Program

Opinion on Each Major State and Federal Program

We have audited the Brilla New Jersey Charter School's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the New Jersey Circular 15-08- OMB State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2024. The Brilla New Jersey Charter School's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

In our opinion, the Brilla New Jersey Charter School, in the , State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state and federal programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major State and Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

Basis for Opinion on Each Major State and Federal Program (Continued)

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Brilla New Jersey Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Brilla New Jersey Charter School's compliance with the requirements of each major State and Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Brilla New Jersey Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

Auditor's Responsibilities for the Audit of Compliance (Continued)

- Obtain an understanding of Brilla New Jersey Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance and the New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid but not for the purpose of expressing an opinion on the effectiveness of Brilla New Jersey Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

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


Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey Circular OMB 15-08. Accordingly, this report is not suitable for any other purpose.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
December 17, 2024

BRILLA NEW JERSEY CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2024
(Initial Year)

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2023					Balance at June 30, 2024					MEMO	
			From	To	Unearned Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Wakover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Cumulative Total Expenditures		
State Department of Education																
General Fund:																
State Aid-Public																
Equalization Aid- State Share	24-495-034-5120-078	\$ 2,742,203	7/1/23	6/30/24	\$ -	\$ -	\$ -	\$ 2,768,707	\$ (2,742,203)	\$ -	\$ -	\$ (63,825)	\$ -	\$ 100,329	\$ 2,742,203	
Security Aid	24-495-034-5120-084	102,569	7/1/23	6/30/24				102,569	(102,569)			(63,825)		100,329	102,569	
Total State Aid-Public								2,891,276	(2,844,772)						2,044,772	
On Behalf:																
Reimbursed TPAF - Social Security Contributions	24-495-034-5094-003	77,570	7/1/23	6/30/24					(77,570)			(77,570)			77,570	
Total Reimbursed TPAF-Social Security Cluster									(77,570)			(77,570)			77,570	
Total General Fund								2,891,276	(2,922,342)	-	-	(131,395)	-	100,329	2,922,342	
State Financial Assistance Not Subject to Major Program Determination:																
General Funds (Non-Cash Assistance)																
TPAF Post-Retirement Medical	24-495-034-5094-001	-	7/1/23	6/30/24												
TPAF Pension Contributions	24-495-034-5094-002	-	7/1/23	6/30/24												
TPAF Non-Contributory Insurance	24-495-034-5094-004	-	7/1/23	6/30/24				-	-							-
Total General Funds (Non-Cash Assistance)																
Total State Financial Assistance									\$ (2,922,342)							

BRILLA NEW JERSEY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Federal Awards and State Financial Assistance
June 30, 2024

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, **Brilla New Jersey Charter School**. The Board of Trustees is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey OMB Circular 15-08, “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*”. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*. The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and

BRILLA NEW JERSEY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Federal Awards and State Financial Assistance
June 30, 2024

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ -	\$ 2,922,342	\$ 2,922,342
Special Revenue Fund	1,188,846		1,188,846
Total Awards & Financial Assistance	<u>\$ 1,188,846</u>	<u>\$ 2,922,342</u>	<u>\$ 4,111,188</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Brilla New Jersey Charter School has no loan balances outstanding at June 30, 2024.

NOTE 6. OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long-Term Disability Insurance represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2024. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2024.

NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's basic financial statements and the amount subject to State single audit and major program determination.

BRILLA NEW JERSEY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Federal Awards and State Financial Assistance
June 30, 2024

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total	2023
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 150,248	
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>		
Title II, Part D: <i>Enhancing Education Through Technology</i>		
Title III: <i>English Language Acquisition</i>		
Title IV, Part A: <i>Safe and Drug-Free Schools and Communities</i>		
Title V, Part A: <i>Innovative Programs</i>		
Total	<u>\$ 150,248</u>	<u>\$ -</u>

NOTE 9. DE MINIMIS INDIRECT COST RATE

The School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 10. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditors Results section of the Schedule of Findings and Questioned Costs.

BRILLA NEW JERSEY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	___X___ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None ___X___ Reported
Noncompliance material to basic financial statements noted?	_____ Yes	___X___ No

Federal Awards

Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	___X___ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None ___X___ Reported
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Uniform Guidance?	_____ Yes	___X___ No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
EDUCATION STABILIZATION FUND	
_____ 84.282A _____	_____ Public Charter Schools (CSP Grant) _____

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	_____ Yes ___X___ No

BRILLA NEW JERSEY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section I – Summary of Auditor’s Results (Continued)

State Financial Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Internal control over major programs:

1) Material weakness(es) identified? ☐ Yes ☒ No

2) Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ Circular Letter 15-08-OMB, as applicable? ☐ Yes ☒ No

Identification of major state programs:

GMIS Number(s)	Name of State Program
	<u>STATE AID – PUBLIC</u>
<u>24-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>24-495-034-5120-084</u>	<u>Security Aid</u>

BRILLA NEW JERSEY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section II – Schedule of Financial Statement Findings

The section identifies the significant deficiencies, material weaknesses and fraud, non compliance with provisions of laws, regulation, contracts, and grant agreements related to financial statements for which Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey requires.

No Current Year Findings

***Part III – Schedule of Federal Award and State Financial Assistance
Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and material matters of noncompliance, including questioned costs and significant instances of abuse, related to the audit of major federal and state programs, as required by U.S Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

No Current Year Findings

CURRENT YEAR STATE AWARDS

No Current Year Findings

BRILLA NEW JERSEY CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings and Questioned Costs as prepared by
Management
For the Fiscal Year Ended June 30, 2024

STATUS OF PRIOR-YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal awards and state financial assistance that are required to be reported in accordance with Government Auditing Standards, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

No Prior Year Findings