FAMILY LIFE ACADEMY CHARTER SCHOOLS

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020
(With Comparative Totals for 2019)

MMB
MENGEL METZGER BARR & CO. LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Family Life Academy Charter Schools

Report on the Financial Statements

We have audited the accompanying financial statements of Family Life Academy Charter Schools (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Life Academy Charter Schools as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Family Life Academy Charter Schools' June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report date October 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it is derived.

Other Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020 on our consideration of Family Life Academy Charter Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Family Life Academy Charter Schools' internal control over financial reporting and compliance.

Emphasis of Matter with Respect to Change of Accounting Methods

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

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 14, 2020

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FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020
(With Comparative Totals for 2019)

ASSETS	June 30, 2020	June 30, 2019
CURRENT ASSETS		
Cash and cash equivalents	$ 9,460,803	$ 5,093,528
Certificate of deposit	2,324,295	2,269,002
Grants and other receivables	1,694,306	967,094
Prepaid expenses and other current assets	433,194	314,995
TOTAL CURRENT ASSETS	13,912,598	8,644,619
PROPERTY AND EQUIPMENT, net	3,301,987	3,040,478
OTHER ASSETS		
Security deposits	305,305	319,310
Cash in escrow	175,000	175,000
Due from related party	57,232	63,232
	537,537	557,542
TOTAL ASSETS	$ 17,752,122	$ 12,242,639
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of capital leases payable	$ 64,616	$ 160,418
Current portion of long term debt	987,457	-
Accounts payable and accrued expenses	335,185	634,522
Accrued payroll and benefits	1,306,321	971,369
Vacation accrual	399,538	339,846
Deferred revenue	211,037	1,672,950
TOTAL CURRENT LIABILITIES	3,304,154	3,779,105
OTHER LIABILITIES		
Capital leases payable	30,474	27,182
Deferred lease incentive	412,791	434,046
Deferred rent payable	4,190,447	3,040,271
Long term debt	1,583,796	-
	6,217,508	3,501,499
TOTAL LIABILITIES	9,521,662	7,280,604
NET ASSETS		
Without donor restrictions	7,720,344	4,885,013
With donor restrictions	510,116	77,022
	8,230,460	4,962,035
TOTAL LIABILITIES AND NET ASSETS	$ 17,752,122	$ 12,242,639

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

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	Year ended June 30,			
	2020			2019
	Without donor Restrictions	With donor Restrictions	Total	Total
Revenue, gains and other support:				
Public school district:				
Resident student enrollment	$ 22,471,834	$ -	$ 22,471,834	$ 16,959,405
Students with disabilities	640,803	-	640,803	604,269
Grants and contracts:				
State and local	389,415	-	389,415	595,162
Federal - Title and IDEA	959,975	-	959,975	1,475,040
Federal - other	353,875	-	353,875	462,286
Food service/Child Nutrition Program	558,028	-	558,028	803,947
NYC DOE rental assistance	3,961,641	-	3,961,641	1,959,756
TOTAL REVENUE, GAINS AND OTHER SUPPORT	29,335,571	-	29,335,571	22,859,865
Expenses:				
Program services:				
Regular education	21,838,209	-	21,838,209	17,249,172
Special education	2,395,708	-	2,395,708	1,690,853
Total program services	24,233,917	-	24,233,917	18,940,025
Management and general	3,299,328	-	3,299,328	2,733,332
Fundraising and special events	165,406	-	165,406	159,033
TOTAL OPERATING EXPENSES	27,698,651	-	27,698,651	21,832,390
SURPLUS FROM SCHOOL OPERATIONS	1,636,920	-	1,636,920	1,027,475
Support and other revenue:				
Contributions:				
Foundations	992,100	470,000	1,462,100	333,379
Individuals	4,805	-	4,805	5,710
Corporations	-	-	-	17,921
In-kind	-	-	-	1,800
Fundraising	1,502	-	1,502	5,646
Interest income	162,750	-	162,750	97,305
Other income	348	-	348	3,000
Net assets released from restriction	36,906	(36,906)	-	-
TOTAL SUPPORT AND OTHER REVENUE	1,198,411	433,094	1,631,505	464,761
CHANGE IN NET ASSETS	2,835,331	433,094	3,268,425	1,492,236
Net assets at beginning of year	4,885,013	77,022	4,962,035	3,469,799
NET ASSETS AT END OF YEAR	$ 7,720,344	$ 510,116	$ 8,230,460	$ 4,962,035

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

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

		Year ended June 30,							
		2020							2019
		Program Services			Supporting Services				
	No. of Positions	Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	Total	Total
Personnel services costs:									
Administrative staff personnel	70	$ 3,223,442	$ 341,161	$ 3,564,603	$ 1,499,351	$ 133,890	$ 1,633,241	$ 5,197,844	$ 4,740,853
Instructional personnel	135	6,415,108	685,952	7,101,060	-	-	-	7,101,060	5,456,389
Non-instructional personnel	44	1,367,486	145,281	1,512,767	127,038	-	127,038	1,639,805	1,148,344
Total personnel services costs	249	11,006,036	1,172,394	12,178,430	1,626,389	133,890	1,760,279	13,938,709	11,345,586
Fringe benefits and payroll taxes		1,863,262	197,514	2,060,776	292,600	24,913	317,513	2,378,289	2,007,841
Retirement		176,787	18,597	195,384	46,579	4,800	51,379	246,763	212,070
Legal service		-	-	-	22,721	-	22,721	22,721	13,775
Accounting / audit services		-	-	-	54,700	-	54,700	54,700	52,650
Other purchased / professional / consulting services		134,256	15,764	150,020	87,508	245	87,753	237,773	261,854
Building and land rent / lease		5,752,943	639,505	6,392,448	316,039	-	316,039	6,708,487	3,828,197
Repairs and maintenance		428,224	45,009	473,233	36,974	-	36,974	510,207	433,079
Insurance		5,888	632	6,520	184,739	-	184,739	191,259	144,871
Utilities		280,664	30,070	310,734	15,103	-	15,103	325,837	258,070
Supplies / materials		403,120	87,105	490,225	-	-	-	490,225	509,248
Equipment / furnishings		19,895	2,365	22,260	6,158	-	6,158	28,418	17,090
Staff development		244,370	23,669	268,039	20,208	-	20,208	288,247	354,136
Marketing / recruitment		-	-	-	129,440	-	129,440	129,440	66,925
Technology		34,149	3,754	37,903	201,392	-	201,392	239,295	241,544
Food services		560,363	59,670	620,033	-	-	-	620,033	768,980
Student services		120,147	13,801	133,948	-	-	-	133,948	319,999
Office expense		200,308	21,240	221,548	152,883	1,558	154,441	375,989	359,347
Depreciation and amortization		607,535	64,619	672,154	87,692	-	87,692	759,846	626,566
Other		262	-	262	18,203	-	18,203	18,465	10,562
		$ 21,838,209	$ 2,395,708	$ 24,233,917	$ 3,299,328	$ 165,406	$ 3,464,734	$ 27,698,651	$ 21,832,390

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

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	Year ended June 30, 2020	Year ended June 30, 2019
CASH FLOWS - OPERATING ACTIVITIES		
Change in net assets	$ 3,268,425	$ 1,492,236
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	759,846	626,566
Loss on sale of property and equipment	4,205	-
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(727,212)	(144,723)
Prepaid expenses and other current assets	(118,199)	(13,303)
Security deposits	14,005	-
Accounts payable and accrued expenses	(299,337)	431,933
Accrued payroll and benefits	334,952	(23,995)
Vacation accrual	59,692	29,571
Deferred revenue	(1,461,913)	1,140,334
Deferred lease incentive	(21,255)	(22,844)
Deferred rent payable	1,150,176	1,072,822
NET CASH PROVIDED FROM OPERATING ACTIVITIES	2,963,385	4,588,597
CASH FLOWS - INVESTING ACTIVITIES		
Purchases of property and equipment	(923,327)	(896,966)
Purchase of certificate of deposit	(55,293)	(2,045,474)
Change in due from related party	6,000	6,000
NET CASH USED FOR INVESTING ACTIVITIES	(972,620)	(2,936,440)
CASH FLOWS - FINANCING ACTIVITIES		
Repayments of capital leases payable	(194,743)	(158,275)
Borrowings of long term debt	2,571,253	-
NET CASH PROVIDED FROM (USED FOR) FINANCING ACTIVITIES	2,376,510	(158,275)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	4,367,275	1,493,882
Cash and cash equivalents and restricted cash at beginning of year	5,268,528	3,774,646
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	$ 9,635,803	$ 5,268,528

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

	Year ended June 30,	
	2020	2019
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$ 4,604	$ 1,221
NON CASH INVESTING AND FINANCING ACTIVITIES		
Capital lease payable incurred in connection with purchase of property and equipment	$ 102,233	$ 81,280

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

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Family Life Academy Charter Schools (the "Organization") is an educational corporation operating in the borough of the Bronx, New York and is comprised of various individual charter schools.

Family Life Academy Charter School I ("FLACS I") is a charter school that operates under the Organization in the borough of the Bronx, New York. On May 14, 2001, the Board of Regents of the University of the State of New York granted FLACS I a provisional charter valid for a term of five years and renewable upon expiration. On May 20, 2008, August 19, 2013 and February 13, 2018, FLACS I obtained a five year renewal, which expires June 30, 2023.

Family Life Academy Charter School II ("FLACS II") is a charter school that operates under the Organization in the borough of the Bronx, New York. On September 13, 2011, the Board of Regents of the University of the State of New York granted FLACS II a provisional charter valid for a term of five years and renewable upon expiration. On March 8, 2017, FLACS II obtained a five year renewal, which currently expires July 31, 2022.

On March 31, 2014, the Board of Regents of the University of the State of New York amended the FLACS I charter agreement permitting additional schools under FLACS I's educational corporation. During the 2014 fiscal year, FLACS I added Family Life Academy Charter School III ("FLACS III") under its expanded charter. FLACS III had the authority to operate through July 31, 2019. On May 27, 2019, FLACS III obtained a five year renewal, which expires July 31, 2024.

FLACS I, FLACS II, and FLACS III are schools in a predominately Latino community in the South Bronx. They seek to empower New York City English language learners in grades Kindergarten through Grade 8 to achieve high standards in English and to help them take responsibility for their own learning and encourage them to explore and affirm human values.

Family Life Academy Charter Schools Network ("FLACS N") is a division of the educational corporation operating as a charter school management organization. FLACS N's purpose is to manage and support a network of open-enrollment free college preparatory charter schools committed to high academic standards, merit, citizenship and responsibility in New York City's neediest neighborhoods.

On June 6, 2019, the Board of Regents of the University of the State of New York amended the FLACS I charter agreement permitting additional schools under FLACS I's educational corporation. During the 2019 fiscal year, FLACS I added Family Life Academy Charter School IV ("FLACS IV") under its expanded charter. FLACS IV is expected to open September 2022.

Basis of presentation

The accompanying financial statements include the accounts of FLACS I, FLACS II, FLACS III, FLACS IV and FLACS N (collectively referred to as the "Organization"). All intercompany balances and transactions have been eliminated in the accompanying financial statements.

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

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

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities, and net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Organization.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Net assets with donor restrictions at June 30, 2020 and 2019 are restricted for the purchase of certain equipment and for various programs at the Organization.

Revenue recognition

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

The Organization records substantially all revenues over time as follows:

Public school district revenue

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

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

Rental assistance

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

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

	June 30,		
	2020	2019	2018
Grants and contracts receivables	$ 319,411	$ 28,114	$ 385,029

Contributions

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

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence of any donor restrictions. A contribution that is received and expended in the same year for a specific purpose is classified as without donor restricted revenue.

Contributions are recorded as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue

Some of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position and amounted to $211,037 and $1,672,950 at June 30, 2020 and 2019, respectively. The Organization received cost-reimbursement grants of approximately $433,325 and $35,537 that have not been recognized at June 30, 2020 and 2019, respectively, because qualifying expenditures have not yet been incurred.

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

Cash and cash equivalents

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

Cash in escrow

The Organization maintains cash in an escrow account, in accordance with the terms of its Charter Agreement. A portion of the escrow account is invested in a certificate of deposit with a maturity date of July 2020.

Grants and other receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2020 or 2019.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from two to fifteen years.

Deferred revenue

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

Certificate of deposit

The Organization maintains its certificate of deposit at a financial institution. The balance is insured at the financial institution up to $250,000 by the FDIC. At times the Organization's balance may exceed federally insured limits. The Organization has not experienced any losses in such account and does not believe it is exposed to any significant risk. Certificate of deposit has a maturity date of July 2020.

Tax exempt status

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

The Organization files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2017 through June 30, 2020 are still subject to potential audit by the IRS. Management of the Organization believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

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

Contributed goods and services

The Organization receives contributed services from volunteers to serve on the Board of Trustees. In addition, the Organization received transportation services, special education services and a school nurse for the students from the local district. The Organization was unable to determine a value for these services.

The Organization received contributed professional development and programming services and contributed goods which were valued at approximately $1,800 for the year ended June 30, 2019. The Organization did not receive any contributed services or goods for the year ended June 30, 2020. These amounts are included in in-kind revenue in the accompanying statement of activities and changes in net assets.

Marketing costs

The Organization expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated $129,000 and $67,000 for the years ended June 30, 2020 and 2019, respectively.

Comparative information for the year ended June 30, 2019

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019 from which the summarized information was derived.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

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

Adoption of new accounting standards

Revenue from contracts with customers

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

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

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

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

Contributions received and contributions made

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

Statement of cash flows

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

New accounting pronouncement - leases

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

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 14, 2020, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

NOTE B: LIQUIDITY AND AVAILABILITY

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

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

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for fiscal year 2020 and 2019.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	June 30, 2020	June 30, 2019
Cash and cash equivalents	$ 9,460,803	$ 5,093,528
Certificate of deposit	2,324,295	2,269,002
Grants and other receivables	1,694,306	967,094
Total financial assets available within one year	13,479,404	8,329,624
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(510,116)	(77,022)
Total amount unavailable for general expenditures within one year	(510,116)	(77,022)
Total financial assets available to management for general expenditures within one year	$ 12,969,288	$ 8,252,602

The Organization has a $400,000 line of credit that they could draw upon in the event of unanticipated liquidity needs. At June 30, 2020 and 2019, there were no amounts outstanding on this line.

NOTE C: RELATED PARTY TRANSACTIONS

FLACS N receives a management allocation from FLACS I, FLACS II, and FLACS III (the "Charter Schools"). The Organization pays for certain operating expenses that benefit the entire organization and then allocates to each Charter School a percentage of these expenses based on the full time equivalent student enrollment at each Charter School. FLACS N was allocated $1,103,391 from FLACS I, $2,083,750 from FLACS II, and $687,738 from FLACS III for the year ended June 30, 2020. FLACS N was allocated $809,586 from FLACS I, $1,733,117 from FLACS II, and $736,257 from FLACS III for the year ended June 30, 2019.

Classrooms and office facilities of FLACS I are leased from LPAC, whose President is a member of the Board of the Organization. See Note G for further details and future minimum lease payments. During the years ended June 30, 2020 and 2019, the Organization had approximately $57,000 and $63,000, respectively, of receivables from LPAC.

The Organization is a guarantor of a mortgage in the name of LPAC. The term of the guarantee on the LPAC mortgage is through January 2018, at which time an option to extend for an additional 5 years was granted, until January 2023. The Organization would be required to pay the loan in the event of default and as of June 30, 2020 and 2019, the outstanding balance of the mortgage note is approximately $1,578,000 and $1,610,000, respectively. At June 30, 2020 and 2019, the maximum amount of future payments (undiscounted) the Organization could be required to make under the guarantee is $2,332,000 and $2,518,000, respectively.

During August 2017, the Organization became the guarantor of multiple loans of CG Educational Holdings, Inc. ("CG"). Prior to November 2016, the Organization held a membership interest in CG; however, in November 2016, the Organization transferred and assigned its membership interest to LPAC; therefore, CG is now wholly owned by LPAC. The loans are for the acquisition and remodeling of a building for a middle school leased to FLACS II, see Note G for more information. The aggregate principal balance of the loans as of June 30, 2020 and 2019 was approximately $31,351,000. The Organization's guaranty shall never be greater than 10% of the total development cost, which as of June 30, 2020 and 2019, was approximately $31,351,000. At June 30, 2020 and 2019, the maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee is approximately $3,135,100. The term of the guarantee on the loans is through the end of the lease which is in 2039; however, if the Organization meets certain conditions, they can be released from the guaranty prior to the end of the lease. The Organization fully expects this debt will be repaid by CG in accordance with its terms.

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30, 2020	June 30, 2019
Leasehold improvements	$ 4,122,093	$ 3,999,960
Furniture and fixtures	1,532,473	1,377,353
Computers and equipment	2,513,359	2,346,182
	8,167,925	7,723,495
Less accumulated depreciation and amortization	4,865,938	4,683,017
	$ 3,301,987	$ 3,040,478

At June 30, 2020, $93,433 of construction in progress was included in leasehold improvements; which was mainly for a future building project for FLACS I and for improvements to the FLACS II middle school facility expected to be utilized in the 2021 school year. At June 30, 2019, $21,263 of construction in progress was included in leasehold improvements; which was mainly for improvements to the FLACS II facility that were utilized in the 2020 school year.

No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. Total depreciation and amortization expense was $759,846 and $626,566 for the years ended June 30, 2020 and 2019, respectively.

NOTE E: CAPITAL LEASES PAYABLE

The Organization entered into a capital lease payable during August 2017, payable in annual installments, including interest at .35066% per annum, through September 2019. The capital lease payable is secured by certain equipment. The capital lease had $1,397 and $133,226 outstanding as of June 30, 2020 and 2019, respectively.

The lease agreement is through August 2020 and is for the right to use certain equipment which is included in property and equipment in the accompanying statement of financial position at June 30, 2020 and 2019. The net book value of this equipment was $171,385 and $250,486 at June 30, 2020 and 2019, respectively.

The Organization entered into a capital lease payable during July 2018, payable in annual installments, including interest at .36052% per annum, through July 2020. The capital lease payable is secured by certain equipment. The capital lease had $27,373 and $54,374 outstanding as of June 30, 2020 and 2019, respectively.

The lease agreement is through August 2021 and is for the right to use certain equipment which is included in property and equipment in the accompanying statement of financial position at June 30, 2020 and 2019. The net book value of this equipment was $51,478 and $67,733 at June 30, 2020 and 2019, respectively.

NOTE E: CAPITAL LEASES PAYABLE, Cont'd

The Organization entered into a capital lease payable during November 2019, payable in annual installments, including interest at .457% per annum, through August 2021. The capital lease payable is secured by certain equipment. The capital lease had $66,320 outstanding as of June 30, 2020.

The lease agreement is through August 2022 and is for the right to use certain equipment which is included in property and equipment in the accompanying statement of financial position at June 30, 2020. The net book value of this equipment was $88,602 at June 30, 2020.

Interest expense related to the capital leases was $4,604 and $1,221 during the years ended June 30, 2020 and 2019, respectively.

The future maturities of the capital leases payable are as follows:

Year ending June 30,	Amount
2021	$ 64,616
2022	30,474
	$ 95,090

NOTE F: EQUIPMENT LEASES

The Organization leases office equipment under non-cancelable lease agreements expiring at various dates through July 2024. The future minimum payments on these agreements are as follows:

Year ending June 30,	Amount
2021	$ 124,907
2022	124,907
2023	38,816
2024	28,655
2025	2,388
	$ 319,673

NOTE G: SCHOOL FACILITIES

FLACS I leased classrooms and office facilities under a non-cancelable lease agreement originally expiring in June 2018. The lease was amended effective September 1, 2016 with an expiration date of June 30, 2022 and a revised payment schedule. FLACS I's base rent for the years ended June 30, 2020 and 2019 was $1,011,780 and $986,661, respectively. The base rent increased in accordance with the lease agreement. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited or charged to "Deferred rent payable" in the accompanying statement of financial position at June 30, 2020 and 2019.

Additionally, during the year ended June 30, 2019, a portion of the FLACS I facility was used for FLACS II students, therefore $383,680 of this base rent was allocated to FLACS II. Total rent expense relative to this lease was $1,001,060 and $993,577 for the years ended June 30, 2020 and 2019, respectively. In conjunction with this facility lease, FLACS I paid a security deposit of $155,833 which is included in security deposits on the accompanying statement of financial position at June 30, 2020 and 2019.

The future minimum payments on this agreement are as follows:

Year ending June 30,	Amount
2021	$ 1,037,811
2022	1,068,947
	$ 2,106,758

FLACS II leases classrooms and office facilities under a non-cancelable lease agreement expiring in June 2038 which they assumed from their former landlord effective January 2015. FLACS II's base rent for the years ended June 30, 2020 and 2019 was $592,690 and $569,894, respectively. The base rent increased in accordance with the lease agreement. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited or charged to "Deferred rent payable" in the accompanying statement of financial position at June 30, 2020 and 2019. In connection with the assumption of this lease, the former landlord agreed to share in the cost of FLACS II making certain leasehold improvements to the building in accordance with the terms of the agreement. Total advances of $526,981 were made in prior years and are recorded as a "Deferred lease incentive" on the accompanying statement of financial position. These reimbursements will be recognized as a reduction of rent expense on a straight line basis over the term of the lease. Rent expense relative to this lease was $799,806 for the years ended June 30, 2020 and 2019. Also in conjunction with this facility lease, FLACS II paid a security deposit of $163,477, as of June 30, 2019 and received a credit towards this deposit of $14,005 during 2020, leaving a balance of $149,472 at June 30, 2020, which is included in security deposits on the accompanying statement of financial position at June 30, 2020 and 2019.

NOTE G: SCHOOL FACILITIES, Cont'd

The future minimum payments on this agreement are as follows:

Year ending June 30,	Amount
2021	$ 616,397
2022	641,053
2023	666,695
2024	693,363
2025	721,098
Thereafter	12,469,159
	$ 15,807,765

On August 11, 2017, FLACS II signed a lease agreement with CG for a new middle school building as described in Note C. The lease has a twenty year term upon completion of the building. The certificate of occupancy was issued April 30, 2019 and FLACS II had access to the building at that time. Rent payments commenced July 1, 2019 and go through July 1, 2038. The lease term ends June 30, 2039. The base rent increases in accordance with the lease agreement. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid was credited or charged to "Deferred rent payable" in the accompanying statement of financial position at June 30, 2020 and 2019. Rent expense relative to this lease was $3,474,784 and $579,130 for the years ended June 30, 2020 and 2019, respectively.

The future minimum payments on this agreement are as follows:

Year ending June 30,	Amount
2021	$ 2,811,806
2022	2,882,101
2023	2,954,153
2023	3,028,007
2024	3,103,707
Thereafter	52,551,746
	$ 67,331,520

NOTE G: SCHOOL FACILITIES, Cont'd

FLACS III leases classrooms and office facilities under a non-cancelable lease agreement expiring in August 2036. FLACS III's base rent for the years ended June 30, 2020 and 2019 was $1,040,849 and $1,010,533, respectively. The base rent increased in accordance with the lease agreement. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid was credited or charged to "Deferred rent payable" in the accompanying statement of financial position at June 30, 2020 and 2019. Additionally, during the year ended June 30, 2019, a portion of the FLACS III facility was used for FLACS II students, therefore $185,362 of this base rent was allocated to FLACS II. Rent expense relative to this lease was $1,270,553 and $1,263,047 for the years ended June 30, 2020 and 2019, respectively.

The future minimum payments on this agreement are as follows:

Year ending June 30,	Amount
2021	$ 1,072,074
2022	1,104,237
2023	1,137,364
2024	1,171,485
2025	1,206,629
Thereafter	16,197,621
	$ 21,889,410

The total lease expense for all these leases, as outlined above, was approximately $6,546,000 and $3,636,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE H: RETIREMENT PLAN

The Organization sponsors a 401(k) plan (the "Plan") for all eligible employees that are predominantly funded by employees' contributions. The Organization matches employees' contributions up to 4% of their annual salary. During the years ended June 30, 2020 and 2019, the Organization contributed approximately $240,700 and $195,000, respectively, to the Plan.

NOTE I: CONTINGENCY

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

NOTE J: CONCENTRATIONS

At June 30, 2020, approximately 86% of grants and other receivables are due from the New York State Department of Education relating to certain grants. During the year ended June 30, 2020, 79% of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Organization's students are located.

At June 30, 2019, approximately 74% of grants and other receivables are due from the New York State Department of Education relating to certain grants. During the year ended June 30, 2019 , 77% of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Organization's students are located.

NOTE K: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30, 2020	June 30, 2019
Undesignated	$ 4,513,447	$ 2,032,135
Invested in property and equipment, net of related debt	3,206,897	2,852,878
	$ 7,720,344	$ 4,885,013

Net assets with donor restrictions are as follows:

	June 30, 2020	June 30, 2019
Music program	$ 7,087	$ 7,921
Wellness program	2,141	2,141
English language learners program	50,000	-
Rental assistance	325,000	-
Equipment	-	10,248
High school placement program	116,878	56,712
Middle school theater curtains	9,010	-
	$ 510,116	$ 77,022

NOTE L: LINE OF CREDIT

In July 2018, the Organization entered into a line of credit agreement with a bank with maximum borrowings of $400,000. The line bears interest at the prime rate plus 2% per annum and is secured primarily by the assets of the Organization. There was no balance outstanding at June 30, 2020 or 2019. The line expires in August 2021.

NOTE M: LONG TERM DEBT

In response to the COVID-19 outbreak, in April 2020 the Organization applied for and was approved by a bank for a loan of $2,571,523 through the Paycheck Protection Program established by the Small Business Administration. The loan has a maturity of 2 years and an interest rate of 1%. The loan has the potential for forgiveness provided certain requirements are met by the Organization. The loan was funded on May 5, 2020.

Estimated annual maturities of long term debt are as follows:

Year ending June 30,	Amount
2021	$ 987,457
2022	1,583,796
	$ 2,571,253

NOTE N: FUNCTIONAL EXPENSES

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

NOTE O: CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents and restricted cash balances at June 30, 2020 and 2019 consisted of the following:

	June 30,	
	2020	2019
Cash and cash equivalents	$ 9,460,803	$ 5,093,528
Cash in escrow	175,000	175,000
	$ 9,635,803	$ 5,268,528

NOTE P: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

OTHER FINANCIAL INFORMATION

MMB
MENGEL METZGER BARR & CO. LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Family Life Academy Charter Schools

We have audited the financial statements of Family Life Academy Charter Schools as of and for the year ended June 30, 2020, and have issued our report thereon dated October 14, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information hereinafter is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2020, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 14, 2020

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WE VALUE YOUR FUTURE

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION BY CHARTER

JUNE 30, 2020

ASSETS	Family Life Academy Charter School I	Family Life Academy Charter School II	Family Life Academy Charter School III	Family Life Academy Charter School IV	Family Life Academy Charter School Network	Eliminations	Total
CURRENT ASSETS							
Cash and cash equivalents	$ 5,497,433	$ 2,336,141	$ 1,431,114	$ -	$ 196,115	$ -	$ 9,460,803
Certificate of deposit	33,203	2,291,092	-	-	-	-	2,324,295
Grants and other receivables	314,388	481,687	134,954	-	763,277	-	1,694,306
Interschool receivables	-	-	962,238	375,000	3,088,090	(4,425,328)	-
Prepaid expenses and other current assets	90,534	128,809	101,436		112,415		433,194
TOTAL CURRENT ASSETS	5,935,558	5,237,729	2,629,742	375,000	4,159,897	(4,425,328)	13,912,598
PROPERTY AND EQUIPMENT, net	437,167	2,187,167	361,918	-	315,735	-	3,301,987
OTHER ASSETS							
Security deposits	155,833	149,472	-	-	-	-	305,305
Cash in escrow	175,000	-	-	-	-	-	175,000
Due from related party	57,232						57,232
	388,065	149,472	-		-		537,537
TOTAL ASSETS	$ 6,760,790	$ 7,574,368	$ 2,991,660	$ 375,000	$ 4,475,632	$ (4,425,328)	$ 17,752,122

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FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION BY CHARTER, Cont'd

JUNE 30, 2020

LIABILITIES AND NET ASSETS	Family Life Academy Charter School I	Family Life Academy Charter School II	Family Life Academy Charter School III	Family Life Academy Charter School IV	Family Life Academy Charter School Network	Eliminations	Total
CURRENT LIABILITIES							
Current portion of capital leases payable	$ 46,008	$ 15,144	$ 2,067	$ -	$ 1,397	$ -	$ 64,616
Current portion of long term debt	-	-	-	-	987,457	-	987,457
Accounts payable and accrued expenses	93,638	101,348	25,359	-	114,840	-	335,185
Interschool payables	4,091,222	334,106	-	-	-	(4,425,328)	-
Accrued payroll and benefits	365,927	615,522	248,504	-	76,368	-	1,306,321
Vacation accrual	67,207	177,678	65,237	-	89,416	-	399,538
Deferred revenue	2,077	21,924	187,036				211,037
TOTAL CURRENT LIABILITIES	4,666,079	1,265,722	528,203	-	1,269,478	(4,425,328)	3,304,154
OTHER LIABILITIES							
Capital leases payable	30,474	-	-	-	-	-	30,474
Deferred lease incentive	-	412,791	-	-	-	-	412,791
Deferred rent payable	119,602	2,721,954	1,348,891	-	-	-	4,190,447
Long term debt	-				1,583,796		1,583,796
	150,076	3,134,745	1,348,891		1,583,796		6,217,508
TOTAL LIABILITIES	4,816,155	4,400,467	1,877,094	-	2,853,274	(4,425,328)	9,521,662
NET ASSETS							
Without donor restrictions	1,935,407	3,048,013	1,114,566	-	1,622,358	-	7,720,344
With donor restrictions	9,228	125,888		375,000			510,116
	1,944,635	3,173,901	1,114,566	375,000	1,622,358		8,230,460
TOTAL LIABILITIES AND NET ASSETS	$ 6,760,790	$ 7,574,368	$ 2,991,660	$ 375,000	$ 4,475,632	$ (4,425,328)	$ 17,752,122

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2020

	Family Life Academy Charter School I	Family Life Academy Charter School II	Family Life Academy Charter School III	Family Life Academy Charter School IV	Family Life Academy Charter School Network	Eliminations	Total
Revenue, gains and other support:							
Public school district:							
Resident student enrollment	$ 6,569,829	$ 11,850,082	$ 4,051,923	$ -	$ -	$ -	$ 22,471,834
Students with disabilities	124,161	404,950	111,692	-	-	-	640,803
Grants and contracts:							
State and local	97,069	195,820	96,526	-	-	-	389,415
Federal - Title and IDEA	439,558	388,026	132,391	-	-	-	959,975
Federal - other	28,080	294,418	31,377	-	-	-	353,875
Food service/Child Nutrition Program	159,658	260,564	137,806	-	-	-	558,028
NYC DOE rental assistance	-	2,654,576	1,307,065			-	3,961,641
TOTAL REVENUE, GAINS AND OTHER SUPPORT	7,418,355	16,048,436	5,868,780	-	-	-	29,335,571
Expenses:							
Program services:							
Regular education	5,759,268	11,989,587	4,237,479	-	1,405,702	(1,553,827)	21,838,209
Special education	548,894	1,477,399	388,442		194,092	(213,119)	2,395,708
Total program services	6,308,162	13,466,986	4,625,921	-	1,599,794	(1,766,946)	24,233,917
Management and general	906,805	1,891,257	682,691	-	1,744,389	(1,925,814)	3,299,328
Fundraising and special events	51,929	98,068	32,367		165,161	(182,119)	165,406
TOTAL OPERATING EXPENSES	7,266,896	15,456,311	5,340,979		3,509,344	(3,874,879)	27,698,651
SURPLUS (DEFICIT) / FROM SCHOOL OPERATIONS	151,459	592,125	527,801	-	(3,509,344)	3,874,879	1,636,920
Support and other revenue:							
Contributions:			-				
Foundations	11,500	105,600	-	375,000	970,000	-	1,462,100
Individuals	-	-	-	-	4,805	-	4,805
Management fee income	-	-	- -	-	3,874,879	(3,874,879)	-
Fundraising	-	-	1,456	-	46	-	1,502
Interest income	48,711	87,125	- 20,566	-	6,348	-	162,750
Other income	-	348					348
TOTAL SUPPORT AND OTHER REVENUE	60,211	193,073	22,022	375,000	4,856,078	(3,874,879)	1,631,505
CHANGE IN NET ASSETS	211,670	785,198	549,823	375,000	1,346,734	-	3,268,425
Net assets at beginning of year	1,732,965	2,388,703	564,743		275,624	-	4,962,035
NET ASSETS AT END OF YEAR	$ 1,944,635	$ 3,173,901	$ 1,114,566	$ 375,000	$ 1,622,358	$ -	$ 8,230,460
			-	-	-		
		-					

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER –
FAMILY LIFE ACADEMY CHARTER SCHOOL I

YEAR ENDED JUNE 30, 2020

		Program Services			Supporting Services			
	No. of Positions	Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	Total
Personnel services costs:								
Administrative staff personnel	14	$ 703,527	$ 64,549	$ 768,076	$ 113,256	$ -	$ 113,256	$ 881,332
Instructional personnel	39	1,781,917	163,493	1,945,410	-	-	-	1,945,410
Non-instructional personnel	16	512,639	47,035	559,674	37,594	-	37,594	597,268
Total personnel services costs	69	2,998,083	275,077	3,273,160	150,850	-	150,850	3,424,010
Fringe benefits and payroll taxes		523,233	48,007	571,240	26,327	-	26,327	597,567
Retirement		40,542	3,720	44,262	2,040	-	2,040	46,302
Legal service		-	-	-	738	-	738	738
Other purchased / professional / consulting services		476,338	64,179	540,517	565,607	51,929	617,536	1,158,053
Building and land rent / lease		876,534	80,423	956,957	44,103	-	44,103	1,001,060
Repairs and maintenance		160,785	14,752	175,537	8,090	-	8,090	183,627
Insurance		1,705	157	1,862	49,634	-	49,634	51,496
Utilities		89,982	8,256	98,238	4,527	-	4,527	102,765
Supplies / materials		77,636	7,123	84,759	-	-	-	84,759
Equipment / furnishings		1,163	107	1,270	59	-	59	1,329
Staff development		153,720	14,104	167,824	3,835	-	3,835	171,659
Technology		13,497	1,238	14,735	38,365	-	38,365	53,100
Food services		159,045	14,593	173,638	-	-	-	173,638
Student services		9,316	855	10,171	-	-	-	10,171
Office expense		54,591	5,009	59,600	6,365	-	6,365	65,965
Depreciation and amortization		123,098	11,294	134,392	6,194	-	6,194	140,586
Other		-	-	-	71	-	71	71
		$ 5,759,268	$ 548,894	$ 6,308,162	$ 906,805	$ 51,929	$ 958,734	$ 7,266,896

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER –
FAMILY LIFE ACADEMY CHARTER SCHOOL II

YEAR ENDED JUNE 30, 2020

		Program Services			Supporting Services			
	No. of Positions	Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	Total
Personnel services costs:								
Administrative staff personnel	23	$ 1,106,674	$ 135,138	$ 1,241,812	$ 210,733	$ -	$ 210,733	$ 1,452,545
Instructional personnel	68	3,346,896	408,697	3,755,593	-	-	-	3,755,593
Non-instructional personnel	23	672,433	82,113	754,546	68,165	-	68,165	822,711
Total personnel services costs	114	5,126,003	625,948	5,751,951	278,898	-	278,898	6,030,849
Fringe benefits and payroll taxes		829,389	101,279	930,668	45,126	-	45,126	975,794
Retirement		66,426	8,111	74,537	3,614	-	3,614	78,151
Legal service		-	-	-	7,422	-	7,422	7,422
Other purchased / professional / consulting services		904,836	123,815	1,028,651	1,070,838	98,068	1,168,906	2,197,557
Building and land rent / lease		3,712,561	456,149	4,168,710	203,243	-	203,243	4,371,953
Repairs and maintenance		207,441	24,747	232,188	11,027	-	11,027	243,215
Insurance		3,113	380	3,493	90,296	-	90,296	93,789
Utilities		147,004	17,951	164,955	7,998	-	7,998	172,953
Supplies / materials		160,660	19,619	180,279	-	-	-	180,279
Equipment / furnishings		17,871	2,182	20,053	972	-	972	21,025
Staff development		15,746	1,923	17,669	429	-	429	18,098
Marketing / recruitment		-	-	-	2,372	-	2,372	2,372
Technology		20,469	2,500	22,969	81,227	-	81,227	104,196
Food services		284,619	34,756	319,375	-	-	-	319,375
Student services		93,383	11,403	104,786	-	-	-	104,786
Office expense		29,172	4,146	33,318	59,881	-	59,881	93,199
Depreciation and amortization		370,894	42,490	413,384	18,932	-	18,932	432,316
Other		-	-	-	8,982	-	8,982	8,982
		$ 11,989,587	$ 1,477,399	$ 13,466,986	$ 1,891,257	$ 98,068	$ 1,989,325	$ 15,456,311

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER-
FAMILY LIFE ACADEMY CHARTER SCHOOL III

YEAR ENDED JUNE 30, 2020

		Program Services			Supporting Services			
	No. of Positions	Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	Total
Personnel services costs:								
Administrative staff personnel	11	$ 522,679	$ 46,227	$ 568,906	$ 96,257	$ -	$ 96,257	$ 665,163
Instructional personnel	28	1,286,295	113,762	1,400,057	-	-	-	1,400,057
Non-instructional personnel	5	182,414	16,133	198,547	21,279	-	21,279	219,826
Total personnel services costs	44	1,991,388	176,122	2,167,510	117,536	-	117,536	2,285,046
Fringe benefits and payroll taxes		344,933	30,506	375,439	20,359	-	20,359	395,798
Retirement		37,890	3,351	41,241	2,236	-	2,236	43,477
Legal services		-	-	-	148	-	148	148
Other purchased / professional / consulting services		302,980	40,469	343,449	354,145	32,367	386,512	729,961
Building and land rent / lease		1,163,848	102,933	1,266,781	68,693	-	68,693	1,335,474
Repairs and maintenance		49,012	4,335	53,347	2,893	-	2,893	56,240
Insurance		1,070	95	1,165	41,313	-	41,313	42,478
Utilities		43,678	3,863	47,541	2,578	-	2,578	50,119
Supplies / materials		54,856	4,851	59,707	-	-	-	59,707
Equipment / furnishings		861	76	937	51	-	51	988
Staff development		19,941	1,764	21,705	832	-	832	22,537
Technology		153	13	166	50,442	-	50,442	50,608
Food services		116,699	10,321	127,020	-	-	-	127,020
Student services		17,448	1,543	18,991	-	-	-	18,991
Office expense		22,051	1,950	24,001	17,286	-	17,286	41,287
Depreciation and amortization		70,671	6,250	76,921	4,171	-	4,171	81,092
Other		-	-	-	8	-	8	8
		$ 4,237,479	$ 388,442	$ 4,625,921	$ 682,691	$ 32,367	$ 715,058	$ 5,340,979

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER-
FAMILY LIFE ACADEMY CHARTER SCHOOL NETWORK

YEAR ENDED JUNE 30, 2020

		Program Services			Supporting Services			
	No. of Positions	Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	Total
Personnel services costs:								
Administrative staff personnel	22	$ 890,562	$ 95,247	$ 985,809	$ 1,079,105	$ 133,890	$ 1,212,995	$ 2,198,804
Instructional personnel	-	-	-	-	-	-	-	-
Non-instructional personnel	-	-	-	-	-	-	-	-
Total personnel services costs	22	890,562	95,247	985,809	1,079,105	133,890	1,212,995	2,198,804
Fringe benefits and payroll taxes		165,707	17,722	183,429	200,788	24,913	225,701	409,130
Retirement		31,929	3,415	35,344	38,689	4,800	43,489	78,833
Legal service		-	-	-	14,413	-	14,413	14,413
Accounting / audit services		-	-	-	54,700	-	54,700	54,700
Other purchased / professional / consulting services		3,929	420	4,349	22,732	-	22,732	27,081
Repairs and maintenance		10,986	1,175	12,161	14,964	-	14,964	27,125
Insurance		-	-	-	3,496	-	3,496	3,496
Utilities		-	-	-	-	-	-	-
Supplies / materials		109,968	55,512	165,480	-	-	-	165,480
Equipment / furnishings		-	-	-	5,076	-	5,076	5,076
Staff development		54,963	5,878	60,841	15,112	-	15,112	75,953
Marketing / recruitment		-	-	-	127,068	-	127,068	127,068
Technology		30	3	33	31,358	-	31,358	31,391
Office expense		94,494	10,135	104,629	69,351	1,558	70,909	175,538
Depreciation and amortization		42,872	4,585	47,457	58,395	-	58,395	105,852
Other		262	-	262	9,142	-	9,142	9,404
		$ 1,405,702	$ 194,092	$ 1,599,794	$ 1,744,389	$ 165,161	$ 1,909,550	$ 3,509,344

FAMILY LIFE ACADEMY CHARTER SCHOOLS

REPORT TO THE FINANCE COMMITTEE

JUNE 30, 2020

MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

MMB
MENGEL METZGER BARR & CO. LLP
Certified Public Accountants

October 14, 2020

Finance Committee
Family Life Academy Charter Schools

We have audited the financial statements of Family Life Academy Charter Schools as of and for the year ended June 30, 2020, and have issued our report thereon dated October 14, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 15, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

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

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

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Planned Scope and Timing of the Audit

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

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Compliance with All Ethics Requirements Regarding Independence

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies
Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Family Life Academy Charter Schools is included in Note A to the financial statements. As described in Note A to the financial statements, effective July 1, 2019, the Organization changed its method of accounting for revenue recognition by adopting FASB Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* and Accounting Standards Update (ASU) 2018-08 *Clarifying the Scope and Accounting Guidance Contributions Received and Contributions Made*. In addition, the Organization changed its statement of cash flows presentation by adopting FASB ASC 230. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

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

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

Financial Statement Disclosures
Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Family Life Academy Charter Schools' financial statements relate to revenue and support recognition and lease commitments, which are referred to in the notes of the financial statements.

Identified or Suspected Fraud

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. No such misstatements were identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Family Life Academy Charter Schools' financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

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

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings or Issues

In the normal course of our professional association with Family Life Academy Charter Schools, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Family Life Academy Charter Schools' auditors.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United states of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

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Should you desire further information concerning these matters, Michelle Cain or Sylest Williams will be happy to meet with you at your convenience.

This letter is intended solely for the use of management, Finance Committee Members and the Board of Trustees of Family Life Academy Charter Schools and should not be distributed to any other persons or used for any other purpose.

Very truly yours,

Mengel, Metzger, Barr & Co. LLP

MENGEL, METZGER, BARR & CO. LLP

WE VALUE YOUR FUTURE

FAMILY LIFE ACADEMY CHARTER SCHOOLS

BRONX, NEW YORK

SCHEDULES REQUIRED BY GOVERNMENT AUDITING STANDARDS AND THE UNIFORM GUIDANCE

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020

MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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

Board of Trustees
Family Life Academy Charter Schools

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of Family Life Academy Charter Schools, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 14, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Life Academy Charter Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Life Academy Charter Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Family Life Academy Charter Schools' internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Life Academy Charter Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 matters that is required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 14, 2020

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

Board of Trustees
Family Life Academy Charter Schools

Report on Compliance for Each Major Federal Program

We have audited Family Life Academy Charter Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Family Life Academy Charter Schools' major federal programs for the year ended June 30, 2020. Family Life Academy Charter Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Family Life Academy Charter Schools' major federal programs based on our audit of the types of compliance requirements referred to above. 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; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Family Life Academy Charter Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Family Life Academy Charter Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Family Life Academy Charter Schools 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 federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of Family Life Academy Charter Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Family Life Academy Charter Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Family Life Academy Charter Schools' internal control over compliance.

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

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

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

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

We have audited the financial statements of Family Life Academy Charter Schools as of and for the year ended June 30, 2020, and have issued our report thereon dated October 14, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 14, 2020

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FAMILY LIFE ACADEMY CHARTER SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

	Federal CFDA Number	Pass-through Grantor's Number	Total Federal Expenditures
U.S. Department of Education:			
Passed through NYS Department of Education			
Title I - Grants to Local Educational Agencies	84.010	0021	$ 537,029
Title IIA - Improving Teacher Quality	84.367	0147	87,968
Title III, Part A - English Language Acquisition Grants	84.365	0293	229,033
Title IV, Part A - Student Support and Academic Enrichment Program	84.424	0204	36,472
Charter Schools Program - Grants for Replication and Expansion of High-Quality Charter Schools	84.282M	U282M170049	266,338
TOTAL DEPARTMENT OF EDUCATION			1,156,840
U.S. Department of Agriculture:			
Passed through NYS Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	1000001406	113,901
National School Lunch Program	10.555	1000001406	423,943
TOTAL DEPARTMENT OF AGRICULTURE			537,844
TOTAL ALL PROGRAMS			$ 1,694,684

NOTE A: BASIS OF PRESENTATION

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

Family Life Academy Charter Schools has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	____	yes	x	no
• Significant deficiency(ies) identified?	____	yes	x	none reported
• Noncompliance material to financial statements noted?	____	yes	x	no

Federal Awards

Internal control over major federal programs:				
• Material weakness(es) identified?	____	yes	x	no
MMB				
• Significant deficiency(ies) identified?	____	yes	x	none reported
• Type of auditor's report issued on compliance for major federal programs:	Unmodified			
• Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____	yes	x	no

Identification of major federal program:

CFDA Number:	*Name of Federal Program or Cluster:*
84.010	Title I - Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	x	yes	____	no

FAMILY LIFE ACADEMY CHARTER SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Cont'd

YEAR ENDED JUNE 30, 2020

FINDINGS – FINANCIAL STATEMENT AUDIT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None.