

**FAMILY LIFE ACADEMY CHARTER SCHOOL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND 2009
TOGETHER WITH THE INDEPENDENT
AUDITORS' REPORTS AND SUPPLEMENTAL
INFORMATION**

FEDERAL IDENTIFICATION NUMBER 13-4170389

**FAMILY LIFE ACADEMY CHARTER SCHOOL
JUNE 30, 2010
TABLE OF CONTENTS**

	<u>Page No.</u>
Independent Auditors' Report	3
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flow	6
Statement of Functional Expenses	7
Notes to Financial Statements	8
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	13
Report on Compliance with Requirements Applicable to Each Major	
• Program and on Internal Control over Compliance in Accordance With OMB Circular A-133	15
Supplemental Information	
• Schedule of Expenditures of Federal Awards	17
• Schedule of Expenditures of State Awards	18
• Notes to Schedules of Expenditures of Federal & State Awards	19
• Schedule of Current Year Findings and Questioned Costs	20
• Current Status of Prior Year's Financial Statements and Federal Award Findings And Questioned Costs	22

INDEPENDENT AUDITORS' REPORT

Board of Directors
Family Life Academy Charter School
Bronx, New York

We have audited the accompanying statement of financial position of Family Life Academy Charter School (the "school") as of June 30, 2010 and 2009 and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the school's management. Our responsibility is to express our opinion on these financial statements based on 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Life Academy Charter School as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010 on our consideration of Family Life Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Family Life Academy Charter School taken as a whole. The accompanying schedules of expenditures of federal and state and awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


R.D. PATEL & COMPANY

Monroe, New Jersey
October 29, 2010

**FAMILY LIFE ACADEMY CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009**

ASSETS

Current Assets:	<u>2010</u>	<u>2009</u>
Cash & Cash Equivalents	\$ 194,412	\$ 269,166
Investment (Note 3)	419,982	398,982
Security Deposit (Note 4)	46,981	-
Accounts Receivable (Note 5)	52,813	33,579
Grants Receivable (Note 6)	68,254	110,951
Prepaid Expenses (Note 7)	49,799	127,265
Total Current Assets	<u>832,241</u>	<u>939,943</u>
Fixed assets (at cost \$1,810,351) net of accumulated depreciation and amortization of \$1,477,253 (Note 8)	<u>333,098</u>	<u>-</u>
TOTAL ASSETS	<u><u>1,165,339</u></u>	<u><u>939,943</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses (Note 9)	187,994	117,925
Vacation Accrual (Note 10)	99,676	68,873
Deferred Grant (Note 11)	45,035	-
Total Current Liabilities	<u>332,705</u>	<u>186,798</u>
Net Assets:		
Unrestricted net assets		
Operations (deficit)	499,536	753,145
Fixed assets	333,098	-
Total Unrestricted net assets	<u>832,634</u>	<u>753,145</u>
Temporarily restricted net assets	-	-
Permanently restricted net assets	-	-
Total Net Assets	<u>832,634</u>	<u>753,145</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,165,339</u></u>	<u><u>\$ 939,943</u></u>

FAMILY LIFE ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010 AND 2009

	Unrestricted		Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
	Operations	Fixed Assets				
SUPPORT AND REVENUE:						
Student Enrollment	\$ 4,270,881	\$ -	\$ -	\$ -	\$ 4,270,881	\$ 3,842,448
Government Contract and Grants	919,642	-	-	-	919,642	328,277
Private Grants, and Contributions	55,564	-	-	-	55,564	32,226
Fundraising	19,384	-	-	-	19,384	-
Interest Income	53,482	-	-	-	53,482	32,682
Other Income	21,044	-	-	-	21,044	10,294
TOTAL SUPPORT AND REVENUE	5,339,997	-	5,339,997	-	5,339,997	4,245,927
EXPENSES:						
Program services:						
Educational Services	4,519,134	92,718	4,611,852	-	4,611,852	4,001,392
Support services:						
Management and general	630,995	17,660	648,655	-	648,655	519,370
TOTAL EXPENSES	5,150,129	110,378	5,260,507	-	5,260,507	4,520,762
Change in net assets	189,867	(110,378)	79,489	-	79,489	(274,835)
Net assets, July 1, 2009	753,145	-	753,145	-	753,145	1,027,980
Other Changes:						
Prior Period adjustment	-	-	-	-	-	-
Acquisition of Fixed Assets and Leasehold Improvement	(443,476)	443,476	-	-	-	-
Net assets, June 30, 2010	\$ 499,536	\$ 333,098	\$ 832,634	\$ -	\$ 832,634	\$ 753,145

See accompanying notes to the financial statements

**FAMILY LIFE ACADEMY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010 AND 2009**

Cash flows from operating activities:	<u>2010</u>	<u>2009</u>
(Decrease) in net assets	\$ 79,489	\$ (274,835)
Adjustments to reconcile increase (decrease) in net assets to net cash provide by operating activities:		
Depreciation and amortization	110,378	215,205
Changes in operating assets and liabilities		
Decrease in grants receivable	42,697	(110,951)
(Increase) in Accounts Receivable	(19,234)	(33,579)
(Increase) in Security Deposit	(46,981)	-
Decrease in prepaid expenses	77,466	(100,765)
Increase in accounts payable and accrued expenses	70,069	98,090
Increase in Vacation Accrual	30,803	28,012
Increase in Deferred Grant	45,035	-
	<hr/>	<hr/>
Net cash provided (used) by operating activities	389,722	(178,823)
Cash flows from investing activities:		
Addition to Property and Equipment	(9,826)	
Addition to Leasehold Improvement	(433,650)	
	<hr/>	<hr/>
Cash (used) for investing activities	(443,476)	-
Net Increase in Cash, Cash Equivalents & Investment	(53,754)	(178,823)
Cash, Cash Equivalents & Investment- July 1, 2009	668,148	846,971
Cash, Cash Equivalents & Investment- June 30, 2010	\$ 614,394	\$ 668,148

See accompanying notes to the financial statements

**FAMILY LIFE ACADEMY CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010 AND 2009**

	<u>PROGRAM SERVICES</u>		<u>SUPPORT SERVICES</u>	
	<u>Educational Services</u>	<u>Management and General</u>	<u>2010 Total</u>	<u>2009 Total</u>
Salaries	\$ 2,841,206	\$ 348,882	\$ 3,190,088	\$ 2,667,558
Payroll taxes and fringe benefits	482,079	59,196	541,275	439,184
	<u>3,323,285</u>	<u>408,077</u>	<u>3,731,362</u>	<u>3,106,742</u>
Rent & Utilities	464,688	88,512	553,200	400,000
Telephone	7,606	2,535	10,141	23,974
Contracted Services	52,590	51,608	104,197	91,920
Food	178,451	-	178,451	137,207
Insurance	22,290	4,246	26,536	39,646
Travel & Meetings	20,876	-	20,876	12,797
Repairs and Maintenance	12,827	2,443	15,270	44,510
Educational Materials	113,880	-	113,880	119,093
Software & Internet	38,507	7,335	45,842	28,111
Office & Program Supplies	126,062	32,022	158,084	169,053
Equipment Rental & Maintenance	30,377	5,786	36,163	27,702
Equipment Purchase	31,283	-	31,283	16,169
Incentives	5,696	-	5,696	5,643
Training & Certification	13,050	-	13,050	7,765
Depreciation and Amortization	92,718	17,660	110,378	215,205
Staff Development	26,573	-	26,573	26,828
Assessment & Evaluation	10,676	-	10,676	5,567
Dues & Subscriptions	15,738	7,707	23,446	8,611
Postage	3,155	-	3,155	6,392
Misc.	21,526	20,723	42,249	27,828
	<u>4,611,852</u>	<u>648,655</u>	<u>5,260,507</u>	<u>4,520,763</u>
Total expenses	\$ 4,611,852	\$ 648,655	\$ 5,260,507	\$ 4,520,763

See accompanying notes to the financial statements

**FAMILY LIFE ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1. ORGANIZATION:

Nature of Activities:

The Family Life Academy Charter School (the "School") is a Charter School incorporated pursuant to the New York Charter School Act of 1998. The School, a bilingual/immersion school in a predominately Latino Community in the South Bronx, seeks to empower New York City English language learners in grades Kindergarten through grade 5 to achieve high standards in both English and Spanish, help them take responsibility for their own learning, and encourage them to explore and affirm human values.

The School was granted its Charter by the Board of Regents of the University of the State of New York on May 14, 2001, and began classes in September 2001. The initial charter expired on June 30, 2006. On July 1, 2006, the school received a two-year renewal of its charter, which expired on June 30, 2008. On May 19, 2008, the School received second renewal of its charter, which will now expire on June 29, 2013.

The School receives a substantial amount of funding (approximately 80%) for student enrollment from the New York City Department of Education.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Statement Presentation and Contribution:

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," Family Life Academy Charter School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, Family Life Academy Charter School is required to present a statement of cash flows.

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). In preparing financial statements in conformity with GAAP, management must make estimate based on future events that affect the reported amounts of assets.

Support and Revenues:

Unrestricted:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the support is recognized.

**FAMILY LIFE ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Temporarily Restricted:

Amounts received that are designed for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Family Life Academy Charter School has no temporarily restricted net assets.

Permanently Restricted:

Amounts received that are to be held in perpetuity are reported as permanently restricted support that increases that net assets class. Family Life Academy Charter School has no permanently restricted net assets.

Use of Estimates:

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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fixed Assets:

Fixed assets acquired by Family Life Academy Charter School are considered to be owned by Family Life Academy Charter School. However, the funding sources may maintain an equitable interest in the assets as well as the determination of the use of any proceeds from the sale of these assets acquired with their funding.

Family Life Academy Charter School follows the practice of capitalizing all assets acquisitions in excess of \$1,000. Depreciation is computed on a straight-line basis over the estimated service lives on the assets.

Recognition of Revenue:

Tuition and fees received for future years are deferred to the applicable year and are shown as deferred revenue on the statement of financial position.

Cash and Cash Equivalents:

The School considers highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents. As of June 30, 2010 cash in bank consisted amount to \$194,412.

**FAMILY LIFE ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES: (CONTINUED)

Tax-Exempt Status:

The School is a nonprofit organization exempt from Federal income taxes under the provisions of Section 501 (c) (3) of the Internal Revenue Code and, therefore, has made no provisions for Federal income taxes in the accompanying financial statements. In addition, Family Life Academy Charter School has been determined by the Internal Revenue Services not to be a "private foundation" within the meaning of Section 509 (a)(1) of the Code.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3. INVESTMENT:

The School has one (1) Certificate of Deposit at Ponce De Leon, which will mature on December 22, 2011 and is currently accruing 5.13% interest. As of June 30, 2010 the balance at the bank is \$419,982.

NOTE 4. SECURITY DEPOSIT:

Security deposit amounting to \$46,981 represents one (1) month space rental at 14 West 170th Street, Bronx, New York.

NOTE 5. ACCOUNTS RECEIVABLE:

As of June 30, 2010 accounts receivable consisted of:

Network Outsource	\$23,749	Realized August 2010
Broadview Network	5,590	Realized September 2010
Quality Education	1,039	Realized October 2010
NYS Stimulus Grant	910	Realized July 2010
Latino Pastoral Action Center	<u>21,525</u>	Open
	\$52,813	

NOTE 6. GRANTS RECEIVABLE:

As of June 30, 2010 grants receivable amounting to \$68,254 is due from NYS Education Department for various grants. Subsequent to June 30, 2010 this amount was realized.

NOTE 7. PREPAID EXPENSES:

As of June 30, 2010 prepaid expense consisted of:

Latino Pastoral Action Center	\$49,799	- Space Rent July 2010
-------------------------------	----------	------------------------

**FAMILY LIFE ACADEMY CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010**

NOTE 8. FIXED ASSETS:

As of June 30, 2010 fixed assets consist of:

Furniture and fixtures (Straight Line 7 Years)	\$ 403,596
Leasehold Improvement (Life of Lease)	<u>1,406,755</u>
	\$ 1,810,351
Less: accumulated depreciation and amortization	<u>(1,477,253)</u>
Fixed Assets (Net)	333,098

NOTE 9. ACCOUNTS PAYABLE & ACCRUED EXPENSES:

As of June 30, 2010 Accounts Payable & Accrued Expenses consisted of:

Payroll & fringes	\$116,617- prorated eight (8) days June payroll paid in July 2010
Other vendors	<u>71,377-</u> paid in July & August 2010
	\$187,994

NOTE 10. VACATION ACCRUAL:

Family Life Academy Charter School policy for personal days for only full-time employees is as follows:

Each 10-month working employee is granted one (1) illness/personal days per month effective on the 15th of each month, for a total of 10 days.

Each 12-month working employee is granted one (1) illness/personal days per month effective on the 15th of each month, for a total of 12 days.

As of June 30, 2010, vacation (personal days) earned but not used amounts to \$99,676.

NOTE 11. DEFERRED GRANT:

As of June 30, 2010 deferred grant consisted of the following:

The Edith Glick Schoolman Children's Foundation	\$43,000
William Simon Foundation	<u>2,035</u>
	\$45,035

NOTE 12. RELATED PARTY TRANSACTIONS:

The President of LPAC is a member of the Board of the School and husband of Ms. Calo, school principal. In addition, classrooms and office facilities of the School are leased from LPAC (see note 14).

**FAMILY LIFE ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

NOTE 13. RETIREMENT PLAN:

The School has a Simple IRA plan for all eligible employees that is predominantly funded by employees' contributions. The School matches employees' contributions up to 3% of their annual salary. Pension expense for the year ended June 30, 2010 \$41,431.

NOTE 14. COMMITMENTS AND CONTINGENCIES:

1 The School is obligated under an operating lease with LPAC for the rental of classrooms and office space. The lease was amended on January 21, 2010 for a term ending on June 30, 2013.

The minimum annual commitments under the lease obligation are as follows:

<u>Year Ending</u>	<u>Amount</u>
2011	597,596
2012	633,452
2013	671,459

Rent expense totaled \$553,200 for the year ended June 30, 2010

2 The School leases two (2) office copy & fax machines, each under five-year non-cancelable operating leases with the effective March 2008.

The minimum annual commitments under the lease obligations are as follows:

<u>Year Ending</u>	<u>Amount</u>
2011	25,971
2012	25,971
2013	19,478

3 The School is subject to audits from various funding organizations that support its programs. The grants are subject to adjustments for disallowed costs, if any, based upon the results of the audits.

NOTE 15. CONCENTRATION OF CREDIT RISK:

1 Financial instruments that potentially subject the School to concentrations of credit risk consist principally of cash accounts in financial institutions, which from time to time exceed the Federal Depository Insurance Coverage (FDIC) limit of \$250,000 during the fiscal year ending June 30, 2010.

2 Concentration of risk exists between the School and the New York City Department of Education, from which the School receives a substantial amount of its funding for student enrollment.

NOTE 16. PAYROLL TAXES:

We reviewed quarterly payroll tax returns filed for the period July 1, 2009 to June 30, 2010. The quarterly payroll tax returns have been properly prepared and the taxes due paid in a timely manner.

**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 Directors
Family Life Academy Charter School
Bronx, New York

We have audited the financial statements of Family Life Academy Charter School (the "school") as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated October 29, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Family Life Academy Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Family Life Academy Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a significant deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Life Academy Charter School's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management and Board of Family Life Academy Charter School federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



R.D. PATEL & COMPANY

Monroe, New Jersey
October 29, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of directors
Family Life Academy Charter School
Bronx, New York

Compliance

We have audited the compliance of Family Life Academy Charter School (Agency) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Family Life Academy Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Family Life Academy Charter School's management. Our responsibility is to express an opinion on Family Life Academy Charter School's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 School's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Family Life Academy Charter School's compliance with those requirements.

In our opinion, Family Life Academy Charter School complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The Family Life Academy Charter School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Family Life Academy Charter School's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 School's internal control over compliance.

R.D. PATEL & COMPANY

Certified Public Accountants

A *control deficiency* in an organization's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the organization's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Family Life Academy Charter School's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Family Life Academy Charter School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management and Board of Family Life Academy Charter School, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



R.D. PATEL & COMPANY

Monroe, New Jersey
October 29, 2010

**FAMILY LIFE ACADEMY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	N.Y. State Grant Number	Federal Expenditures
United States Department of Education and Passed though NYS Department of Education			
- Title I Part A	84.010A	0021-10-4215	\$ 164,097
- Title I Part A Recovery Act	84.389A	5021-10-4215	22,160
- Title II Part A	84.367A	0147-10-4215	18,389
- Title III LEP	84.365A	0293-10-4215	59,960
- Title IV Part A	84.186A	0180-10-4215	1,353
- Title II Part D	84.318X	0292-10-4215	3,586
United States Department of Education and Passed though PICCS			
- Teacher Quality Partnerships, Recovery Act	84.405	N/A	150,962
United States Department of Education and Passed though Office of Special Education			
	84.326	N/A	65,856
United States Department of Agriculture			
- School Breakfast Program	10.553	N/A	138,357
TOTAL AWARDS			\$ 624,720

**FAMILY LIFE ACADEMY CHARTER SCHOOL
 SCHEDULE OF EXPENDITUES OF STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/

Pass-Through Grantor/

<u>Program Title</u>	<u>N.Y. State Grant Number</u>	<u>State Expenditures</u>
New York State - Office of Business Affairs Charter School Stimulus Fund	T001988	\$ 235,000

TOTAL AWARDS

\$ 235,000

**FAMILY LIFE ACADEMY CHARTER SCHOOL
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL & STATE AWARDS
JUNE 30, 2010**

NOTE A – BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the federal and state activity of Family Life Academy Charter School and are presented on the accrual basis of accounting. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in their schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

As the programs are of the cost reimbursement type, the amount of funds claimed and program income earned equal the expenditures shown. There are no net assets for these programs.

NOTE B SUB-RECIPIENTS

Of the federal expenditures presented in this schedule, Family Life Academy Charter School provided no federal awards to sub-recipients.

NOTE C NON-CASH ASSISTANCE

There was neither any non-cash assistance nor any loans or loan guarantees outstanding at the year-end.

**FAMILY LIFE ACADEMY CHARTER SCHOOL
 SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2010**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

(Based on – Section .510 of Circular OMB-133)

Type of auditor's report issued:	<u>Unqualified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> yes	<u> </u> X no
Reportable condition(s) identified		
Not considered to be material weaknesses?	<u> </u> yes	<u> </u> X none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> </u> X no

Federal & State Awards

Internal Control over major programs:		
1)Material weakness(es) identified?	<u> </u> yes	<u> </u> X no
2)Reportable condition(s) identified that are not considered to be material weaknesses?	<u> </u> yes	<u> </u> X none reported

Type of auditor's report issued on compliance For major programs:	<u>Unqualified</u>	
Any audit findings disclosed that required to be reported in accordance with Section 510(a) of Circular A-133?	<u> </u> yes	<u> </u> X no
Dollar threshold to distinguish Between Type A and Type B Programs:	<u>\$300,000</u>	
Auditee qualified as low-risk auditee:	<u> </u> X yes	<u> </u> no

**FAMILY LIFE ACADEMY CHARTER SCHOOL
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2010**

Identification of major programs:

<u>CFDA Number(S)</u>	<u>Name of Federal Program or Cluster</u>
CFDA 84.010A	US Department of Education - Title I Part A
CFDA 84.389A	US Department of Education – Title I Part A Recovery Act
CFDA 84.367A	US Department of Education - Title II Part A
CFDA 84.365A	US Department of Education - Title III LEP
CFDA 84.186A	US Department of Education - Title IV A
CFDA 84.318X	US Department of Education – Title II Part D

SECTION II - FINANCIAL STATEMENTS FINDINGS AND QUESTIONED

REPORTABLE CONDITION:

NONE

QUESTIONED COSTS

NONE

SECTION II - FINANCIAL STATEMENTS FINDINGS AND QUESTIONED COSTS

REPORTABLE CONDITION:

NONE

QUESTIONED COSTS

NONE

**FAMILY LIFE ACADEMY CHARTER SCHOOL
CURRENT STATUS OF PRIORS YEARS
FINANCIAL STATEMENT AND FEDERAL
AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS:

NONE

QUESTIONED COSTS:

NONE

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

REPORTABLE CONDITION:

NONE

QUESTIONED COSTS:

NONE