

FAMILY LIFE ACADEMY CHARTER SCHOOLS

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

**REPORT REQUIRED BY GOVERNMENT
AUDITING STANDARDS**

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2025

(With Comparative Totals for 2024)



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Family Life Academy Charter Schools

Report on the Audit of the Financial Statements

Opinion

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, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Family Life Academy Charter Schools as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited Family Life Academy Charter Schools' June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it is derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2025 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.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 16, 2025

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(With Comparative Totals for 2024)

<u>ASSETS</u>	June 30,	
	2025	2024
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 26,793,367	\$ 21,824,356
Certificates of deposit	2,630,539	2,504,851
Grants and other receivables, net of allowance of \$30,000 at June 30, 2025	887,868	3,374,670
Prepaid expenses and other current assets	391,860	4,871,331
TOTAL CURRENT ASSETS	30,703,634	32,575,208
<u>PROPERTY AND EQUIPMENT, net</u>	3,508,595	4,087,289
<u>OTHER ASSETS</u>		
Deposits	305,305	545,306
Cash in escrow	200,000	200,000
Restricted cash	-	500,000
Due from related party	27,732	33,732
Right-of-use assets - operating	179,123,673	76,853,223
Right-of-use assets - finance	291,757	409,521
	179,948,467	78,541,782
TOTAL ASSETS	\$ 214,160,696	\$ 115,204,279
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 2,727,313	\$ 2,875,734
Accrued payroll and benefits	2,208,846	2,021,030
Vacation accrual	433,730	419,692
Deferred revenue	35,927	440,348
Current portion of lease liabilities - operating	4,639,116	3,094,914
Current portion of lease liabilities - finance	253,982	234,768
TOTAL CURRENT LIABILITIES	10,298,914	9,086,486
<u>OTHER LIABILITIES</u>		
Lease liabilities - operating	173,591,784	76,285,099
Lease liabilities - finance	67,265	223,555
	173,659,049	76,508,654
TOTAL LIABILITIES	183,957,963	85,595,140
<u>NET ASSETS</u>		
Without donor restrictions	30,127,124	29,496,674
With donor restrictions	75,609	112,465
	30,202,733	29,609,139
TOTAL LIABILITIES AND NET ASSETS	\$ 214,160,696	\$ 115,204,279

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, 2025
(With Comparative Totals for 2024)

	Year ended June 30,			
	2025			2024
	Without donor restrictions	With donor restrictions	Total	Total
Revenue, gains and other support:				
Public school district:				
Resident student enrollment	\$ 35,268,468	\$ -	\$ 35,268,468	\$ 30,767,800
Students with disabilities	2,596,408	-	2,596,408	1,776,912
Grants and contracts:				
State and local	155,373	-	155,373	118,685
Federal - Title and IDEA	1,809,182	-	1,809,182	1,482,889
Federal - other	725,369	-	725,369	2,904,550
Food service/Child Nutrition Program	1,330,522	-	1,330,522	1,272,271
NYC DOE rental assistance	6,831,910	-	6,831,910	5,501,935
TOTAL REVENUE, GAINS AND OTHER SUPPORT	48,717,232	-	48,717,232	43,825,042
Expenses:				
Program services:				
Regular education	36,017,396	-	36,017,396	30,772,887
Special education	6,901,175	-	6,901,175	5,741,539
Total program services	42,918,571	-	42,918,571	36,514,426
Management and general	6,743,912	-	6,743,912	5,826,678
Fundraising and special events	252,667	-	252,667	197,610
TOTAL OPERATING EXPENSES	49,915,150	-	49,915,150	42,538,714
(DEFICIT) SURPLUS FROM SCHOOL OPERATIONS	(1,197,918)	-	(1,197,918)	1,286,328
Support and other revenue:				
Contributions:				
Foundations	405,507	110,000	515,507	795,183
Individuals	1,750	-	1,750	5,445
Corporations	25,750	-	25,750	10,000
Fundraising	25	-	25	1,271
Interest income	1,034,682	-	1,034,682	837,344
Other income	213,798	-	213,798	379
Net assets released from restriction	146,856	(146,856)	-	-
TOTAL SUPPORT AND OTHER REVENUE	1,828,368	(36,856)	1,791,512	1,649,622
CHANGE IN NET ASSETS	630,450	(36,856)	593,594	2,935,950
Net assets at beginning of year	29,496,674	112,465	29,609,139	26,673,189
NET ASSETS AT END OF YEAR	\$ 30,127,124	\$ 75,609	\$ 30,202,733	\$ 29,609,139

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

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES

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

	Year ended June 30,								
	2025							2024	
	No. of Positions	Program Services			Supporting Services			Total	Total
Regular Education		Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total			
Personnel services costs:									
Administrative staff personnel	73	\$ 3,737,254	\$ 789,756	\$ 4,527,010	\$ 2,396,114	\$ 209,609	\$ 2,605,723	\$ 7,132,733	\$ 6,512,412
Instructional personnel	186	11,856,173	2,155,902	14,012,075	-	-	-	14,012,075	12,792,358
Non-instructional personnel	51	2,046,627	368,645	2,415,272	172,868	-	172,868	2,588,140	2,124,582
Total personnel services costs	310	17,640,054	3,314,303	20,954,357	2,568,982	209,609	2,778,591	23,732,948	21,429,352
Fringe benefits and payroll taxes		3,083,884	575,864	3,659,748	442,624	36,096	478,720	4,138,468	3,712,135
Retirement		266,164	51,485	317,649	63,928	6,309	70,237	387,886	366,363
Legal service		-	-	-	-	-	-	-	93,583
Accounting / audit services		-	-	-	74,100	-	74,100	74,100	78,383
Other purchased / professional / consulting services		1,063,783	226,992	1,290,775	910,616	-	910,616	2,201,391	1,872,659
Building and land rent / lease		9,173,773	1,864,040	11,037,813	426,141	-	426,141	11,463,954	7,273,248
Repairs and maintenance		595,993	101,340	697,333	35,476	-	35,476	732,809	811,376
Insurance		9,399	1,676	11,075	510,434	-	510,434	521,509	331,995
Utilities		414,334	70,971	485,305	21,350	-	21,350	506,655	559,668
Supplies / materials		651,041	114,310	765,351	3,502	-	3,502	768,853	683,090
Equipment / furnishings		29,608	5,861	35,469	5,762	-	5,762	41,231	24,676
Staff development		105,008	19,361	124,369	169,829	-	169,829	294,198	311,973
Marketing / recruitment		-	-	-	354,802	653	355,455	355,455	431,920
Technology		119,581	24,248	143,829	453,965	-	453,965	597,794	669,208
Food services		746,955	181,302	928,257	7,461	-	7,461	935,718	843,093
Student services		885,092	111,219	996,311	133,545	-	133,545	1,129,856	1,025,320
Office expense		185,104	33,606	218,710	150,520	-	150,520	369,230	465,057
Depreciation and amortization		1,036,928	201,567	1,238,495	186,367	-	186,367	1,424,862	1,371,035
Other		10,695	3,030	13,725	224,508	-	224,508	238,233	184,580
		\$ 36,017,396	\$ 6,901,175	\$ 42,918,571	\$ 6,743,912	\$ 252,667	\$ 6,996,579	\$ 49,915,150	\$ 42,538,714

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

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF CASH FLOWS

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

	Year ended June 30,	
	2025	2024
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 593,594	\$ 2,935,950
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	1,182,790	1,157,513
Amortization of right-of-use assets	242,072	213,522
Interest on finance lease liabilities	17,026	22,244
Losses on disposal of property and equipment	45,650	-
Bad debt expense	30,000	-
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	2,456,802	7,450,028
Prepaid expenses and other current assets	4,479,471	(3,821,168)
Accounts payable and accrued expenses	(148,421)	1,480,702
Accrued payroll and benefits	187,816	229,136
Vacation accrual	14,038	26,063
Deferred revenue	(404,421)	191,776
Operating lease liabilities, net of right-of-use assets	(3,419,563)	(128,042)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	5,276,854	9,757,724
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(649,746)	(1,476,760)
Deposits	240,001	4,999
Purchase of certificates of deposit	(125,688)	(120,461)
Change in due from related party	6,000	6,000
NET CASH USED FOR INVESTING ACTIVITIES	(529,433)	(1,586,222)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Repayments on finance leases	(278,410)	(206,613)
NET CASH USED FOR FINANCING ACTIVITIES	(278,410)	(206,613)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	4,469,011	7,964,889
Cash and cash equivalents and restricted cash at beginning of year	22,524,356	14,559,467
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ 26,993,367	\$ 22,524,356

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF CASH FLOWS, Cont'd

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

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Cash paid during the year for:		
Interest	<u>\$ 17,026</u>	<u>\$ 22,244</u>
<u>NON-CASH INVESTING AND FINANCING ACTIVITIES</u>		
Right-of-use assets obtained in exchange for new lease liabilities	<u>\$ 101,946,778</u>	<u>\$ -</u>

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

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(With Comparative Totals for 2024)

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 expired June 30, 2023. On March 17, 2022, FLACS I obtained a four year renewal, which expires July 31, 2027.

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 expired July 31, 2022. On March 17, 2022, FLACS II obtained a five year renewal, which expires July 31, 2027.

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 expired July 31, 2024. On March 17, 2022, FLACS III obtained a three year renewal, which expires July 31, 2027.

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 opened in September 2022 as Family Life Academy Charter Schools High School (“FLACS HS”).

FLACS I, FLACS II, FLACS III, and FLACS HS 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. On March 16, 2022, FLACS HS revised its charter to serve grades 9 through 12.

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 charter schools committed to high academic standards, merit, citizenship and responsibility in New York City’s neediest neighborhoods.

Basis of presentation

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

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Basis of accounting

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

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 were \$75,609 and \$112,465 at June 30, 2025 and 2024, respectively.

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 Organization. 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.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

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.

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,		
	2025	2024	2023
Grants and other receivables, net	\$ 86,515	\$ 39,856	\$ 4,181,491

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 \$35,927 and \$440,348 at June 30, 2025 and 2024, respectively.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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.

Restricted cash

Per the bond agreement as described in Note C, \$500,000 was set aside at June 30, 2024 as restricted cash for potential overruns of the project. At June 30, 2025, there are no amounts set aside as restricted cash for potential overruns of the project as the project was completed in August 2024.

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 through December 2025.

Grants and other receivables

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

The Organization uses historical loss data as a starting point to estimate expected credit losses. There were no write-offs for either of the years ended June 30, 2025 or 2024.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from two to fifteen years. Leasehold improvements are amortized over the lesser of the assets useful life or the remaining lease term.

Major renewals and betterments are capitalized, while repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation or amortization are removed from the accounts and the related gain or loss is reflected in operations.

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.

Certificates of deposit

The Organization maintains its certificates 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. Certificates of deposit have maturity dates through December 2025.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

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 Organization's current and prior three years tax returns remain subject to review by taxing authorities. Management of the Organization believes they have no material uncertain tax positions and, accordingly, will not recognize any liability for unrecognized tax benefits.

Contributed goods and services

The Organization receives contributed services from volunteers to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed. 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.

Marketing costs

The Organization expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$355,000 and \$432,000 for the years ended June 30, 2025 and 2024, respectively.

Comparative information for the year ended June 30, 2024

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, 2024 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.

Leases

The Organization leases its school facilities and equipment and determines if the arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current liabilities, and other liabilities on the accompanying statement of financial position. Finance leases are included in finance lease right-of-use assets, current liabilities, and other liabilities on the accompanying statement of financial position.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

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

Lease expense for operating lease payments is recognized on a straight-line basis over the lease term, and for finance leases, as amortization expense and interest expense.

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

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

Reclassifications

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

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 16, 2025, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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 years 2025 and 2024.

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

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 26,793,367	\$ 21,824,356
Certificates of deposit	2,630,539	2,504,851
Grants and other receivables, net of allowance of \$30,000 at June 30, 2025	<u>887,868</u>	<u>3,374,670</u>
Total financial assets available within one year	30,311,774	27,703,877
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	<u>(75,609)</u>	<u>(112,465)</u>
Total amount unavailable for general expenditures within one year	<u>(75,609)</u>	<u>(112,465)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 30,236,165</u>	<u>\$ 27,591,412</u>

The Organization has a \$400,000 line of credit that they could draw upon in the event of unanticipated liquidity needs. At June 30, 2025 and 2024, there were no amounts outstanding on this line.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE C: RELATED PARTY TRANSACTIONS

FLACS N receives a management allocation from FLACS I, FLACS II, FLACS III and FLACS HS (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 \$1,077,875 from FLACS I, \$2,570,794 from FLACS II, \$599,859 from FLACS III, and \$1,260,930 from FLACS HS for the year ended June 30, 2025. FLACS N was allocated \$1,266,009 from FLACS I, \$2,913,396 from FLACS II, \$756,186 from FLACS III, and \$765,580 from FLACS HS for the year ended June 30, 2024.

Classrooms and office facilities of FLACS I are leased from LPAC, whose President is a member of the Board of the Organization. See Note E for further details and future minimum lease payments. During the years ended June 30, 2025 and 2024, the Organization had approximately \$28,000 and \$34,000, respectively, of receivables from LPAC.

During December 2020, HB Foundation (“HB”), a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code was formed. HB is the sole member of Highbridge Facilities LLC (“Highbridge”). Highbridge issued bonds totaling \$125,105,000 to purchase the properties of FLACS II middle school, FLACS III and FLACS HS.

During February 2023, Highbridge issued an additional \$10,125,000 of bonds to fund construction projects at FLACS HS.

The Organization became the guarantor of these bonds. In addition, the Organization made a payment of \$500,000 during the year ended June 30, 2023 to finalize the bond deal. During fiscal year ended June 30, 2024, the Organization made additional payments of \$3,275,281 to Highbridge for rent payments under the lease agreement even though construction has been delayed. See Note E. These amounts are included in prepaid expenses and other assets at June 30, 2024 on the accompanying statement of financial position. During the fiscal year ended June 30, 2025, the Organization moved into its new location and the lease commenced. As a result, the prepaid rent amounts were capitalized within the operating right-of-use assets.

The aggregate principal balance of the 2020 bonds at June 30, 2025 and 2024 was \$122,805,000 and \$123,140,000, respectively. At June 30, 2025, the maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee was \$246,218,412.

The aggregate principal balance of the 2023 bonds at both June 30, 2025 and 2024 was \$10,125,000. At June 30, 2025, the maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee was \$25,439,402.

The Organization fully expects the bonds payable will be repaid by Highbridge in accordance with its terms.

In connection with the bond agreements, the Organization must comply with certain covenants. The Organization was in compliance with these covenants for the years ended June 30, 2025 and 2024.

In December 2020, the Organization entered into lease agreements with Highbridge for the FLACS II middle school, FLACS III and FLACS HS facilities. See Note E.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30,	
	2025	2024
Leasehold improvements	\$ 5,665,264	\$ 5,458,959
Furniture and fixtures	2,776,143	2,665,616
Computers and equipment	4,479,080	4,829,057
	<u>12,920,487</u>	<u>12,953,632</u>
Less accumulated depreciation and amortization	9,411,892	8,866,343
	<u>\$ 3,508,595</u>	<u>\$ 4,087,289</u>

At June 30, 2025 and 2024, \$70,871 and \$422,269, respectively, of construction in progress was included in leasehold improvements.

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 \$1,424,862 and \$1,371,035 for the years ended June 30, 2025 and 2024, respectively.

NOTE E: LEASES

Facilities Leases

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. In November 2022, the lease was extended through June 2027. FLACS I's base rent for the years ended June 30, 2025 and 2024 was \$1,448,500 and \$1,406,311, 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.

Total rent expense relative to this lease was \$1,347,570 and \$1,464,763 for the years ended June 30, 2025 and 2024, respectively. In conjunction with this facility lease, FLACS I paid a security deposit of \$155,833 which is included in deposits on the accompanying statement of financial position at June 30, 2025 and 2024.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE E: LEASES, Cont'd

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, 2025 and 2024 was \$721,098 and \$693,363, 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. 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. Rent expense relative to this lease was \$713,412 and \$771,192 for the years ended June 30, 2025 and 2024, respectively. 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, 2025 and 2024, which is included in deposits on the accompanying statement of financial position at June 30, 2025 and 2024.

On December 22, 2020, FLACS II entered into a lease agreement for its middle school with Highbridge. Rent payments commenced January 1, 2021, and go through June 30, 2055. The lease was amended in November 2023. FLACS II middle school's base rent for the years ended June 30, 2025 and 2024 was \$2,806,192 and \$2,800,285, respectively. 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. Rent expense relative to this lease was \$2,630,397 for both the years ended June 30, 2025 and 2024.

In connection with the Highbridge agreement, the lease requires certain covenants to be met. The Organization was in compliance with these covenants for the years ended June 30, 2025 and 2024.

On December 22, 2020, FLACS III entered into a lease agreement with Highbridge. Rent payments commenced on January 1, 2021, and go through June 30, 2055. The lease was amended in November 2023. FLACS III's base rent for the years ended June 30, 2025 and June 30, 2024 was \$925,878 and \$921,622, 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. Rent expense was \$894,780 for both the years ended June 30, 2025 and 2024.

In connection with the Highbridge agreement, the lease requires certain covenants to be met. The Organization was in compliance with these covenants for the years ended June 30, 2025 and 2024.

On May 1, 2023, FLACS HS entered into a lease agreement with a third party for facilities. Rent payments commenced on May 1, 2023, and went through June 30, 2024. The lease was extended for one month through July 31, 2024 at a monthly rate of \$120,000. 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. Rent expense was \$120,000 and \$1,388,751 for the years ended June 30, 2025 and 2024, respectively. In conjunction with this facility lease, FLACS HS paid a security deposit of \$240,000, which is included in deposits on the accompanying statement of financial position at June 30, 2024. In July 2024, the lease ended, and the security deposit was partially refunded.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE E: LEASES, Cont'd

On December 22, 2020, FLACS HS entered into a lease agreement with Highbridge for a new school building as described in Note C. The building was completed in August 2024. The building was originally projected to be completed in September 2022. Even though the construction was delayed by three years, FLACS HS was required to make the originally scheduled payments. The total amount of rental payments due over the lease term will be charged to rent expense on the straight-line method over the term of the lease. FLACS HS and Highbridge negotiated an amended lease agreement due to the delay in construction. The lease was amended in November 2023. Rent payments commenced on August 1, 2024, and go through June 30, 2055. FLACS HS's base rent for the year ended June 30, 2025 was \$4,253,130. Rent expense was \$5,628,279 for the year ended June 30, 2025.

In connection with the Highbridge agreement, the lease requires certain covenants to be met. The Organization was in compliance with these covenants for the years ended June 30, 2025 and 2024.

Equipment leases

The Organization leases office equipment under non-cancelable lease agreements expiring at various dates through July 2028.

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

	<u>Statement of Financial</u>	<u>June 30,</u>	
	<u>Position Classification</u>	<u>2025</u>	<u>2024</u>
Assets			
Right-of-use assets -			
Operating	Other assets	\$ 179,123,673	\$ 76,853,223
Finance	Other assets	291,757	409,521
		<u>\$ 179,415,430</u>	<u>\$ 77,262,744</u>
Liabilities			
Current portion of lease liabilities -			
Operating	Current liabilities	\$ 4,639,116	\$ 3,094,914
Finance	Current liabilities	253,982	234,768
Lease liabilities -			
Operating	Other liabilities	173,591,784	76,285,099
Finance	Other liabilities	67,265	223,555
		<u>\$ 178,552,147</u>	<u>\$ 79,838,336</u>

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE E: LEASES, Cont'd

The components of lease expense are as follows:

	Year ended June 30,	
	2025	2024
Finance lease cost:		
Amortization of right-of-use assets	\$ 242,072	\$ 213,522
Interest on lease liabilities	17,026	22,244
Total finance lease costs	259,098	235,766
Operating lease cost:		
Operating lease expense	11,440,872	7,322,471
Total lease cost	\$ 11,699,970	\$ 7,558,237

As of June 30, 2025, minimum payments due for lease liabilities for each of the five succeeding years and thereafter are as follows:

<u>Year ending June 30,</u>	<u>Finance leases</u>	<u>Operating leases</u>	<u>Total</u>
2026	\$ 260,814	\$ 11,748,564	\$ 12,009,378
2027	33,540	11,876,833	11,910,373
2028	33,540	10,356,914	10,390,454
2029	2,795	10,391,933	10,394,728
2030	-	10,432,874	10,432,874
Thereafter	-	247,333,689	247,333,689
Total lease payments	330,689	302,140,807	302,471,496
Less: Interest	(9,442)	(123,909,907)	(123,919,349)
Present value of lease liabilities	\$ 321,247	\$ 178,230,900	\$ 178,552,147

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE E: LEASES, Cont'd

Supplemental information:

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 10,759,157	\$ 7,450,511
Operating cash flows for finance leases (i.e. interest)	\$ 17,651	\$ 22,854
Financing cash flows for finance leases (i.e. principal portion)	\$ 260,759	\$ 183,759
Right-of-use assets obtained in exchange for new lease liabilities (non-cash):		
Operating leases	\$ 101,824,995	\$ -
Finance leases	\$ 121,783	\$ -
Weighted-average remaining lease term:		
Operating leases	28.57	27.21
Finance leases	1.58	1.92
Weighted-average discount rate:		
Operating leases	4.08%	3.78%
Finance leases	3.94%	3.98%

NOTE F: RETIREMENT PLAN

The Organization sponsors a 401(k) plan (the "Plan") for all eligible employees and is predominantly funded by employees' contributions. The Organization matches employees' contributions up to 4% of their annual salary. During the years ended June 30, 2025 and 2024, the Organization contributed approximately \$387,900 and \$366,400, respectively, to the Plan.

NOTE G: 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.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE H: CONCENTRATIONS

At June 30, 2025, approximately 83% 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, 2025, 78% 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, 2024, approximately 93% 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, 2024, 74% 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 I: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	2025	2024
Undesignated	\$ 26,618,529	\$ 25,409,385
Invested in property and equipment	3,508,595	4,087,289
	<u>\$ 30,127,124</u>	<u>\$ 29,496,674</u>

Net assets with donor restrictions are as follows:

	June 30,	
	2025	2024
Music program	\$ -	\$ 4,143
High school project	-	15,000
Professional development program	25	25
Literacy research to practice	-	93,297
Digital video library	65,584	-
Videography equipment	10,000	-
	<u>\$ 75,609</u>	<u>\$ 112,465</u>

NOTE J: 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 2025 or 2024. The line expires in January 2026.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE K: FUNCTIONAL EXPENSES

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

NOTE L: CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents and restricted cash balances at June 30, 2025 and 2024 consisted of the following:

	June 30,	
	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 26,793,367	\$ 21,824,356
Cash in escrow	200,000	200,000
Restricted cash	-	500,000
	<u>\$ 26,993,367</u>	<u>\$ 22,524,356</u>

NOTE M: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Organization recognized \$494,022 and \$2,179,294 of revenue relative to ESSER grants during the years ended June 30, 2025 and 2024, respectively. The ESSER grant period ended September 30, 2024.

The Emergency Connectivity Fund (ECF) was also established to award grants to state and local educational agencies. There were no amounts recognized relative to this grant during the year ended June 30, 2025. The Organization recognized \$63,255 of revenue relative to ECF grants during the year ended June 30, 2024.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

OTHER FINANCIAL INFORMATION



BUSINESS
ADVISORS
AND CPAS

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, 2025, and have issued our report thereon dated October 16, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information hereinafter is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2025, as a whole.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 16, 2025

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION BY CHARTER

JUNE 30, 2025

<u>ASSETS</u>	<u>Family Life Academy Charter School I</u>	<u>Family Life Academy Charter School II</u>	<u>Family Life Academy Charter School III</u>	<u>Family Life Academy Charter Schools HS</u>	<u>Family Life Academy Charter School Network</u>	<u>Eliminations</u>	<u>Total</u>
<u>CURRENT ASSETS</u>							
Cash and cash equivalents	\$ 3,379,461	\$ 2,044,516	\$ 3,654,514	\$ 275,566	\$ 17,439,310	\$ -	\$ 26,793,367
Certificates of deposit	34,238	2,596,301	-	-	-	-	2,630,539
Grants and other receivables, net of allowance of \$30,000 at June 30, 2025	210,367	338,878	80,007	179,149	79,467	-	887,868
Interschool receivables	1,147,025	12,852,619	139,122	-	-	(14,138,766)	-
Prepaid expenses and other current assets	131,121	143,666	3,385	23,700	89,988	-	391,860
TOTAL CURRENT ASSETS	<u>4,902,212</u>	<u>17,975,980</u>	<u>3,877,028</u>	<u>478,415</u>	<u>17,608,765</u>	<u>(14,138,766)</u>	<u>30,703,634</u>
<u>PROPERTY AND EQUIPMENT, net</u>	511,635	2,018,688	199,199	746,754	32,319	-	3,508,595
<u>OTHER ASSETS</u>							
Deposits	155,833	149,472	-	-	-	-	305,305
Cash in escrow	200,000	-	-	-	-	-	200,000
Due from related party	27,732	-	-	-	-	-	27,732
Right-of-use assets - operating	2,846,955	54,856,881	16,080,423	105,217,102	122,312	-	179,123,673
Right-of-use assets - finance	-	-	-	-	291,757	-	291,757
	<u>3,230,520</u>	<u>55,006,353</u>	<u>16,080,423</u>	<u>105,217,102</u>	<u>414,069</u>	<u>-</u>	<u>179,948,467</u>
TOTAL ASSETS	<u>\$ 8,644,367</u>	<u>\$ 75,001,021</u>	<u>\$ 20,156,650</u>	<u>\$ 106,442,271</u>	<u>\$ 18,055,153</u>	<u>\$ (14,138,766)</u>	<u>\$ 214,160,696</u>

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION BY CHARTER, Cont'd

JUNE 30, 2025

<u>LIABILITIES AND NET ASSETS (DEFICIENCY)</u>	<u>Family Life Academy Charter School I</u>	<u>Family Life Academy Charter School II</u>	<u>Family Life Academy Charter School III</u>	<u>Family Life Academy Charter Schools HS</u>	<u>Family Life Academy Charter School Network</u>	<u>Eliminations</u>	<u>Total</u>
<u>CURRENT LIABILITIES</u>							
Accounts payable and accrued expenses	\$ 148,269	\$ 293,576	\$ 46,057	\$ 293,899	\$ 1,945,512	\$ -	\$ 2,727,313
Interschool payables	-	-	-	7,721,385	6,417,381	(14,138,766)	-
Accrued payroll and benefits	426,120	990,749	194,354	475,620	122,003	-	2,208,846
Vacation accrual	66,163	136,630	35,267	55,550	140,120	-	433,730
Deferred revenue	-	28,278	336	7,313	-	-	35,927
Current portion of lease liabilities - operating	1,429,459	1,351,695	314,015	1,457,150	86,797	-	4,639,116
Current portion of lease liabilities - finance	-	-	-	-	253,982	-	253,982
TOTAL CURRENT LIABILITIES	<u>2,070,011</u>	<u>2,800,928</u>	<u>590,029</u>	<u>10,010,917</u>	<u>8,965,795</u>	<u>(14,138,766)</u>	<u>10,298,914</u>
<u>OTHER LIABILITIES</u>							
Lease liabilities - operating	1,516,638	55,814,975	15,764,715	100,473,173	22,283	-	173,591,784
Lease liabilities - finance	-	-	-	-	67,265	-	67,265
TOTAL LIABILITIES	<u>1,516,638</u>	<u>55,814,975</u>	<u>15,764,715</u>	<u>100,473,173</u>	<u>89,548</u>	<u>-</u>	<u>173,659,049</u>
TOTAL LIABILITIES	<u>3,586,649</u>	<u>58,615,903</u>	<u>16,354,744</u>	<u>110,484,090</u>	<u>9,055,343</u>	<u>(14,138,766)</u>	<u>183,957,963</u>
<u>NET ASSETS (DEFICIENCY)</u>							
Without donor restrictions	5,057,718	16,385,118	3,801,906	(4,041,819)	8,924,201	-	30,127,124
With donor restrictions	-	-	-	-	75,609	-	75,609
TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)	<u>5,057,718</u>	<u>16,385,118</u>	<u>3,801,906</u>	<u>(4,041,819)</u>	<u>8,999,810</u>	<u>-</u>	<u>30,202,733</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)	<u>\$ 8,644,367</u>	<u>\$ 75,001,021</u>	<u>\$ 20,156,650</u>	<u>\$ 106,442,271</u>	<u>\$ 18,055,153</u>	<u>\$ (14,138,766)</u>	<u>\$ 214,160,696</u>

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIENCY) BY CHARTER

YEAR ENDED JUNE 30, 2025

	<u>Family Life Academy Charter School I</u>	<u>Family Life Academy Charter School II</u>	<u>Family Life Academy Charter School III</u>	<u>Family Life Academy Charter Schools HS</u>	<u>Family Life Academy Charter School Network</u>	<u>Eliminations</u>	<u>Total</u>
Revenue, gains and other support:							
Public school district:							
Resident student enrollment	\$ 7,953,993	\$ 16,044,972	\$ 3,340,362	\$ 7,929,141	\$ -	\$ -	\$ 35,268,468
Students with disabilities	285,320	1,168,740	53,810	1,088,538	-	-	2,596,408
Grants and contracts:							
State and local	32,260	70,455	37,038	15,620	-	-	155,373
Federal - Title and IDEA	423,455	894,294	177,541	313,892	-	-	1,809,182
Federal - other	325,567	332,902	45,986	20,914	-	-	725,369
Food service/Child Nutrition Program	341,319	528,254	198,074	262,875	-	-	1,330,522
NYC DOE rental assistance	-	3,527,290	925,878	2,378,742	-	-	6,831,910
TOTAL REVENUE, GAINS AND OTHER SUPPORT	9,361,914	22,566,907	4,778,689	12,009,722	-	-	48,717,232
Expenses:							
Program services:							
Regular education	6,765,319	14,929,769	3,619,871	10,479,123	1,936,755	(1,713,441)	36,017,396
Special education	924,589	2,915,933	407,159	2,595,150	532,157	(473,813)	6,901,175
Total program services	7,689,908	17,845,702	4,027,030	13,074,273	2,468,912	(2,187,254)	42,918,571
Management and general	1,251,163	2,702,634	782,109	1,605,106	3,499,216	(3,096,316)	6,743,912
Fundraising and special events	43,911	105,383	24,437	51,368	253,456	(225,888)	252,667
TOTAL OPERATING EXPENSES	8,984,982	20,653,719	4,833,576	14,730,747	6,221,584	(5,509,458)	49,915,150
SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS	376,932	1,913,188	(54,887)	(2,721,025)	(6,221,584)	5,509,458	(1,197,918)
Support and other revenue:							
Contributions:							
Foundations	1,000	6,250	-	98,417	409,840	-	515,507
Individuals	-	-	-	-	1,750	-	1,750
Corporations	4,250	4,250	3,000	14,250	-	-	25,750
Management fee income	-	-	-	-	5,509,458	(5,509,458)	-
Fundraising	-	-	-	-	25	-	25
Interest income	109,543	163,924	133,409	10,178	617,628	-	1,034,682
Other income	26,700	18,850	-	42,500	125,748	-	213,798
TOTAL SUPPORT AND OTHER REVENUE	141,493	193,274	136,409	165,345	6,664,449	(5,509,458)	1,791,512
CHANGE IN NET ASSETS	518,425	2,106,462	81,522	(2,555,680)	442,865	-	593,594
Net assets (deficiency) at beginning of year	4,539,293	14,278,656	3,720,384	(1,486,139)	8,556,945	-	29,609,139
NET ASSETS (DEFICIENCY) AT END OF YEAR	\$ 5,057,718	\$ 16,385,118	\$ 3,801,906	\$ (4,041,819)	\$ 8,999,810	\$ -	\$ 30,202,733

FAMILY LIFE ACADEMY CHARTER SCHOOLS

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

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel services costs:								
Administrative staff personnel	7	\$ 580,904	\$ 75,203	\$ 656,107	\$ 160,903	\$ -	\$ 160,903	\$ 817,010
Instructional personnel	45	2,516,504	325,784	2,842,288	-	-	-	2,842,288
Non-instructional personnel	11	410,464	53,138	463,602	36,069	-	36,069	499,671
Total personnel services costs	63	3,507,872	454,125	3,961,997	196,972	-	196,972	4,158,969
Fringe benefits and payroll taxes		643,794	83,345	727,139	36,150	-	36,150	763,289
Retirement		42,810	5,542	48,352	2,404	-	2,404	50,756
Other purchased / professional / consulting services		431,591	104,630	536,221	741,029	43,911	784,940	1,321,161
Building and land rent / lease		1,136,604	147,144	1,283,748	63,822	-	63,822	1,347,570
Repairs and maintenance		132,102	17,102	149,204	7,418	-	7,418	156,622
Insurance		2,255	292	2,547	88,079	-	88,079	90,626
Utilities		75,969	9,835	85,804	4,266	-	4,266	90,070
Supplies / materials		180,065	23,311	203,376	-	-	-	203,376
Equipment / furnishings		5,704	738	6,442	320	-	320	6,762
Staff development		6,435	833	7,268	3,706	-	3,706	10,974
Marketing / recruitment		-	-	-	5,673	-	5,673	5,673
Technology		20,418	2,643	23,061	72,147	-	72,147	95,208
Food services		274,217	35,500	309,717	-	-	-	309,717
Student services		102,300	13,244	115,544	-	-	-	115,544
Office expense		37,813	4,896	42,709	9,861	-	9,861	52,570
Depreciation and amortization		165,370	21,409	186,779	9,286	-	9,286	196,065
Other		-	-	-	10,030	-	-	10,030
		<u>\$ 6,765,319</u>	<u>\$ 924,589</u>	<u>\$ 7,689,908</u>	<u>\$ 1,251,163</u>	<u>\$ 43,911</u>	<u>\$ 1,285,044</u>	<u>\$ 8,984,982</u>

FAMILY LIFE ACADEMY CHARTER SCHOOLS

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

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel services costs:								
Administrative staff personnel	20	\$ 1,081,116	\$ 206,288	\$ 1,287,404	\$ 254,263	\$ -	\$ 254,263	\$ 1,541,667
Instructional personnel	85	5,464,910	1,042,756	6,507,666	-	-	-	6,507,666
Non-instructional personnel	22	986,312	188,198	1,174,510	80,273	-	80,273	1,254,783
Total personnel services costs	127	7,532,338	1,437,242	8,969,580	334,536	-	334,536	9,304,116
Fringe benefits and payroll taxes		1,362,017	259,885	1,621,902	60,491	-	60,491	1,682,393
Retirement		114,871	21,919	136,790	5,102	-	5,102	141,892
Other purchased / professional / consulting services		1,081,003	273,455	1,354,458	1,683,144	104,730	1,787,874	3,142,332
Building and land rent / lease		2,809,388	536,058	3,345,446	124,774	-	124,774	3,470,220
Repairs and maintenance		248,522	47,421	295,943	11,038	-	11,038	306,981
Insurance		4,186	798	4,984	214,358	-	214,358	219,342
Utilities		246,065	46,952	293,017	10,929	-	10,929	303,946
Supplies / materials		242,137	46,106	288,243	-	-	-	288,243
Equipment / furnishings		12,340	2,355	14,695	548	-	548	15,243
Staff development		45,647	8,710	54,357	19,100	-	19,100	73,457
Marketing / recruitment		-	-	-	9,810	653	10,463	10,463
Technology		33,652	6,421	40,073	136,993	-	136,993	177,066
Food services		420,899	80,311	501,210	-	-	-	501,210
Student services		223,679	42,776	266,455	-	-	-	266,455
Office expense		67,225	12,829	80,054	61,246	-	61,246	141,300
Depreciation and amortization		485,800	92,695	578,495	21,576	-	21,576	600,071
Other		-	-	-	8,989	-	8,989	8,989
		<u>\$ 14,929,769</u>	<u>\$ 2,915,933</u>	<u>\$ 17,845,702</u>	<u>\$ 2,702,634</u>	<u>\$ 105,383</u>	<u>\$ 2,808,017</u>	<u>\$ 20,653,719</u>

FAMILY LIFE ACADEMY CHARTER SCHOOLS

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

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel services costs:								
Administrative staff personnel	10	\$ 454,861	\$ 47,147	\$ 502,008	\$ 118,983	\$ -	\$ 118,983	\$ 620,991
Instructional personnel	16	1,106,671	114,708	1,221,379	-	-	-	1,221,379
Non-instructional personnel	6	198,907	20,617	219,524	24,330	-	24,330	243,854
Total personnel services costs	32	1,760,439	182,472	1,942,911	143,313	-	143,313	2,086,224
Fringe benefits and payroll taxes		289,116	29,967	319,083	23,536	-	23,536	342,619
Retirement		29,002	3,006	32,008	2,361	-	2,361	34,369
Other purchased / professional / consulting services		227,352	55,519	282,871	398,316	24,437	422,753	705,624
Building and land rent / lease		757,671	78,534	836,205	61,680	-	61,680	897,885
Repairs and maintenance		114,624	11,881	126,505	9,331	-	9,331	135,836
Insurance		1,004	104	1,108	45,603	-	45,603	46,711
Utilities		59,994	6,218	66,212	4,884	-	4,884	71,096
Supplies / materials		67,118	6,957	74,075	-	-	-	74,075
Equipment / furnishings		585	61	646	48	-	48	694
Staff development		4,436	460	4,896	1,299	-	1,299	6,195
Marketing / recruitment		-	-	-	2,757	-	2,757	2,757
Technology		14,146	1,466	15,612	61,900	-	61,900	77,512
Food services		151,403	15,693	167,096	-	-	-	167,096
Student services		37,075	3,843	40,918	-	-	-	40,918
Office expense		28,541	2,959	31,500	17,534	-	17,534	49,034
Depreciation and amortization		77,365	8,019	85,384	6,298	-	6,298	91,682
Other		-	-	-	3,249	-	3,249	3,249
		\$ 3,619,871	\$ 407,159	\$ 4,027,030	\$ 782,109	\$ 24,437	\$ 806,546	\$ 4,833,576

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER –
FAMILY LIFE ACADEMY CHARTER SCHOOLS HS

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel services costs:								
Administrative staff personnel	8	\$ 543,232	\$ 133,958	\$ 677,190	\$ 108,135	\$ -	\$ 108,135	\$ 785,325
Instructional personnel	39	2,619,404	645,930	3,265,334	-	-	-	3,265,334
Non-instructional personnel	<u>11</u>	<u>383,522</u>	<u>94,574</u>	<u>478,096</u>	<u>31,379</u>	<u>-</u>	<u>31,379</u>	<u>509,475</u>
Total personnel services costs	58	3,546,158	874,462	4,420,620	139,514	-	139,514	4,560,134
Fringe benefits and payroll taxes		568,015	140,069	708,084	22,347	-	22,347	730,431
Retirement		40,864	10,077	50,941	1,608	-	1,608	52,549
Other purchased / professional / consulting services		1,038,720	267,201	1,305,921	843,364	51,368	894,732	2,200,653
Building and land rent / lease		4,470,110	1,102,304	5,572,414	175,865	-	175,865	5,748,279
Repairs and maintenance		98,233	24,224	122,457	3,865	-	3,865	126,322
Insurance		1,954	482	2,436	157,198	-	157,198	159,634
Utilities		32,306	7,966	40,272	1,271	-	1,271	41,543
Supplies / materials		89,006	21,949	110,955	3,502	-	3,502	114,457
Equipment / furnishings		10,979	2,707	13,686	432	-	432	14,118
Staff development		9,614	2,371	11,985	2,374	-	2,374	14,359
Marketing / recruitment		-	-	-	9,884	-	9,884	9,884
Technology		22,737	5,607	28,344	58,134	-	58,134	86,478
Food services		189,634	46,762	236,396	7,461	-	7,461	243,857
Student services		99,241	24,472	123,713	3,904	-	3,904	127,617
Office expense		45,633	11,253	56,886	25,041	-	25,041	81,927
Depreciation and amortization		215,919	53,244	269,163	8,495	-	8,495	277,658
Other		-	-	-	140,847	-	140,847	140,847
		<u>\$ 10,479,123</u>	<u>\$ 2,595,150</u>	<u>\$ 13,074,273</u>	<u>\$ 1,605,106</u>	<u>\$ 51,368</u>	<u>\$ 1,656,474</u>	<u>\$ 14,730,747</u>

FAMILY LIFE ACADEMY CHARTER SCHOOLS

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

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel services costs:								
Administrative staff personnel	28	\$ 1,075,699	\$ 327,160	\$ 1,402,859	\$ 1,753,830	\$ 211,051	\$ 1,964,881	\$ 3,367,740
Instructional personnel	1	148,684	26,724	175,408	-	-	-	175,408
Non-instructional personnel	<u>1</u>	<u>67,422</u>	<u>12,118</u>	<u>79,540</u>	<u>817</u>	<u>-</u>	<u>817</u>	<u>80,357</u>
Total personnel services costs	30	1,291,805	366,002	1,657,807	1,754,647	211,051	1,965,698	3,623,505
Fringe benefits and payroll taxes		220,942	62,598	283,540	300,100	36,096	336,196	619,736
Retirement		38,617	10,941	49,558	52,453	6,309	58,762	108,320
Accounting / audit services		-	-	-	74,100	-	74,100	74,100
Other purchased / professional / consulting services		-	-	-	341,079	-	341,079	341,079
Repairs and maintenance		2,512	712	3,224	3,824	-	3,824	7,048
Insurance		-	-	-	5,196	-	5,196	5,196
Supplies / materials		88,948	15,987	104,935	-	-	-	104,935
Equipment / furnishings		-	-	-	4,414	-	4,414	4,414
Staff development		38,876	6,987	45,863	143,350	-	143,350	189,213
Marketing / recruitment		-	-	-	326,678	-	326,678	326,678
Technology		28,628	8,111	36,739	124,791	-	124,791	161,530
Food services		16,894	3,036	19,930	-	-	-	19,930
Student services		100,472	26,884	127,356	129,641	-	129,641	256,997
Office expense		5,892	1,669	7,561	36,838	-	36,838	44,399
Depreciation and amortization		92,474	26,200	118,674	140,712	-	140,712	259,386
Other		10,695	3,030	13,725	61,393	-	61,393	75,118
		<u>\$ 1,936,755</u>	<u>\$ 532,157</u>	<u>\$ 2,468,912</u>	<u>\$ 3,499,216</u>	<u>\$ 253,456</u>	<u>\$ 3,752,672</u>	<u>\$ 6,221,584</u>

FAMILY LIFE ACADEMY CHARTER SCHOOLS

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



BUSINESS
ADVISORS
AND CPAS

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

Board of Trustees
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, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 16, 2025.

Report on 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) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 16, 2025

FAMILY LIFE ACADEMY CHARTER SCHOOLS

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2025

FINDINGS – FINANCIAL STATEMENT AUDIT

None.

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Finding 2024-001

Identification of the Federal Program

U.S. Department of Education:

AL 84.425D ESSER II – Elementary and Secondary School Emergency Relief Fund

AL 84.425U ARP ESSER – American Rescue Plan - Elementary and Secondary School Emergency Relief Fund

AL 84.425W ARP ESSER HCY – American Rescue Plan – Elementary and Secondary Emergency Relief – Homeless Children and Youth

Passed through New York State Education Department – as shown on the Schedule of Federal Expenditures

Compliance Requirement: Reporting

Criteria

The Organization is required to submit an annual report to New York State Education Department - the Education Stabilization Fund Annual Reporting - to provide required information which is then utilized by NYSED to complete the U.S. Department of Education ESF – ESSER Recipient Data Collection Form. A critical component of this report is the accurate reporting of the Organization’s number of positions supported with ESSER funds and expenditures by ESSER subgrant and accounting object for the period from July 1, 2022, to June 30, 2023, and was required to be filed by February 15, 2024. In accordance with the instructions for completing the form, expenditures are defined as the reimbursement payments received by the Organization during the reporting period.

Statement of condition and cause

During our audit, we noted the Organization inaccurately reported expenditures on the Education Stabilization Fund Annual Reporting for period from July 1, 2022 to June 30, 2023 as a result of utilizing the accrual basis of accounting to determine expenditures, rather than the amount of reimbursement payments received. Management’s internal controls over compliance with respect to this report did not allow management to detect and correct the error on a timely basis.

FAMILY LIFE ACADEMY CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES, Cont'd
YEAR ENDED JUNE 30, 2025

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES, Cont'd

Effect

As a result of utilizing the incorrect reporting basis, the information reported to the pass-through entity (NYSED) on the Education Stabilization Fund Annual Reporting was incorrect. This could lead to errors in the amounts ultimately reported to the U.S. Department of Education by NYSED.

Questioned Costs

N/A

Repeat Finding

No

Recommendation

We recommend the Organization review the NYSED Grants Finance reports via the NYSED website to determine the reimbursement payments received during the applicable reporting period and agree the amounts per the website to the total amounts shown in the Education Stabilization Fund Annual Reporting. This will ensure that the information is shown in accordance with the instructions for the NYSED report and the related U.S. Department of Education requirements.

Status

During our 2025 audit, we noted the Organization accurately reported expenditures on the Education Stabilization Fund Annual Reporting for period from July 1, 2023 to June 30, 2024 using the amount of reimbursement payments received rather than the accrual basis of accounting.